

Market Feasibility Analysis Heritage Green Apartments

Atlanta, Fulton County, Georgia

**To be developed by:
Heritage Green Apartments Limited Partnership**

**Prepared for
The Georgia Department of Community Affairs**

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I. Executive Summary

Proposed Site Location

- The existing rental community is located on the west side of Springdale Road just south of Cleveland Avenue SW. The site is bordered to the north by Freidell Circle, to the east by Springdale Road, to the south by and existing rental community and to the west by undeveloped land and single family homes.
- The site itself benefits from a natural buffer from surrounding land uses as it is relatively heavily wooded. The mature pine and hardwood trees not only create a more visually appealing site design, they lessen the impact of noise related to nearby traffic and additional rental housing communities.
- The proposed site will be compatible with surrounding land uses. The majority of the development along Springdale Road is either multi-family or moderate income single family developments.
- There are no apparent physical disadvantages to the site.

Proposed Unit Mix and Rent Schedule

- The proposed unit mix will include efficiency, one bedroom, two bedroom, and three bedroom units reserved for tenants earning no more than 30 percent, 50 percent and 60 percent of the Area Median Income. There will also be a market rate component.
- One, two and three bedroom units are common in the primary market area's existing stock. There no efficiency units among the communities surveyed. The proposed floorplans will appeal to a large range of household sizes from single renters to large families.
- The proposed tax credit rents are position toward the bottom of the range of net rents for the 30 and 50 percent units. The 60 percent tax credit units and the market rate units are priced in the upper middle of the range. These proposed rents are reasonable and justified given the attractive location and product to be constructed.

Proposed Amenities

- Heritage Green will include a fully equipped kitchen with a stove, refrigerator, a dishwasher, a garbage disposal, and a pantry. Common area amenities include a community building, two playgrounds, multiple picnic areas, and an exercise room.
- The proposed unit and common area amenities are very competitive with the existing rental stock. The majority of existing communities offer few if any common area amenities. The only community that offers similar amenities is Carver Homes, which is priced at the top of the market.

Demographic Analysis

- According to 2000 Census data, the proposed development is compatible with the demographic composition of the primary market area.
- The marriage rate, persons per household and existence of children in a large percentage of the households in the primary market area indicate the need for larger rental units.

Affordability Analysis

- Based on household income distributions produced by Claritas, 46.22 percent of the households in the primary market area earn less than the maximum income limit for the three bedroom units at 60 percent of the AMI.
- When a minimum income limit is introduced, 33.48 percent earn below the maximum income limit and above the minimum income limit. This minimum income limit will apply to those householders without Section 8 voucher rental assistance.
- Based on the 2004 household estimate of 31,834 for the primary market area, there are 14,182 households with incomes below the maximum income limit and 9,883 of these household also earn more than the minimum income limit.

Demand and Capture Rates

- Using the methodology stipulated by DCA, we find that there will be 3,474 renter households as a result renter households living in substandard conditions, rent over burdened households, and renter household growth between 2002 and 2004.
- By applying the income qualification percentages discussed earlier to this demand number, we calculate that there is demand for 1,163 additional tax credit units addressing the income target market in the primary market area.
- This demand estimate results in a tax credit capture rate of 7.5 percent with a minimum income limit and 5.1 percent without a minimum income limit. Based on the product to be constructed and the proposed location, these capture rates are considered achievable.
- The capture rate for the 15 market rate units is 0.9 percent.

Final Conclusion

- As the proposed development is a renovation of an existing apartment community, only the units currently vacant plus those expected to become vacant as a result of the renovation process will need to be renovated. According to information presented by the developer on DCA's Core Application, 102 of the 109 units are currently occupied. It is assumed that no more than 20 percent of the total units will become vacant during the renovation process. This 20 percent is inclusive of those units currently vacant. It is anticipated that Heritage Green will have to lease no more that 22 of its units post renovation. The community should be able to regain 95 percent occupancy within two to three months.
- Based the data presented in this report, we find that Heritage Green passes the market study test as proposed.

II. Project Description

Heritage Green is an existing 109 unit apartment community located at 2891 Springdale Road in southern Fulton County. The majority of the units at Heritage Green will benefit from the existence of Low Income Housing Tax Credits. Twenty-two or approximately 20 percent of the units will be market rate (designated as 80% units in Table 1) and will not offer any rental assistance. None of the units will offer additional subsidies through project based rental assistance. The proposed unit and income targeting is shown in the following table.

Table 1 - Proposed Unit Mix, Heritage Green

AMI Level	Bedrooms	Bulding Type	Units	Avg. Size	Net Rent	Rent/Sq Ft
30%	0	Garden	1	553	\$276	\$0.50
30%	1	Garden	8	783	\$272	\$0.35
30%	2	Garden	6	946	\$318	\$0.34
30%	3	Garden	1	1,137	\$356	\$0.31
50%	0	Garden	2	553	\$436	\$0.79
50%	1	Garden	26	783	\$497	\$0.63
50%	2	Garden	19	946	\$592	\$0.63
50%	3	Garden	3	1,137	\$677	\$0.60
60%	1	Garden	11	783	\$514	\$0.66
60%	2	Garden	8	946	\$608	\$0.64
60%	3	Garden	2	1,137	\$693	\$0.61
80%	0	Garden	1	553	\$450	\$0.81
80%	1	Garden	11	783	\$514	\$0.66
80%	2	Garden	8	946	\$608	\$0.64
80%	3	Garden	2	1,137	\$693	\$0.61
Total/Avg.			109	708	\$414	\$0.58

All of the units at Heritage Green will be located in garden style buildings ranging from two to three stories. There is an additional non-residential building, which will house on-site management offices.

Common area amenities of Heritage Green will include on-site laundry facilities, equipped recreation area, perimeter fencing, a covered pavilion with picnic and barbeque facilities, a fitness center, a second equipped play area and a community building.

Unit specific amenities will include a patio or balcony, a fully-equipped kitchen with a refrigerator, an oven/range with exhaust hood, a dishwasher, and a garbage disposal, washer/dryer connections, and central heat and air.

Community services to be offered at Heritage Green will include bi-monthly crime prevention seminars, quarterly public safety seminars, quarterly drug awareness training, bi-annual auto theft seminars, bi-annual con-artist recognition seminars, homeownership counseling, financial literacy program, resident activities, health seminars and transportation services.

III. Site Evaluation

A. Site Description

The existing Heritage Green community is located on the west side of Springdale Road just south of Cleveland Avenue SW. The site is bordered to the north by Freidell Circle, to the east by Springdale Road, to the south by and existing rental community and to the west by undeveloped land and single family homes.

Heritage Green is an older rental community that shows severe signs of deferred maintenance. The exteriors of the buildings show signs of neglect and disrepair. An old swimming pool, which is covered and fenced in, presents both an eye-sore and a potential danger and liability. There is minimal landscaping along Springdale Road and within the interior of the community. It is assumed that the majority, if not all, of these issues will be addressed with the renovations.

The site itself benefits from a natural buffer from surrounding land uses as it is relatively heavily wooded. The mature pine and hardwood trees not only create a more visually appealing site design, but also lessen the impact of noise related to nearby traffic and additional rental housing communities.

B. Site Photos

Figure 1 - Site Location Photos



Existing building facing Springdale Road, south of property entrance



View of property entrance signage



Interior view of Heritage Green Apartments.



Existing community building.



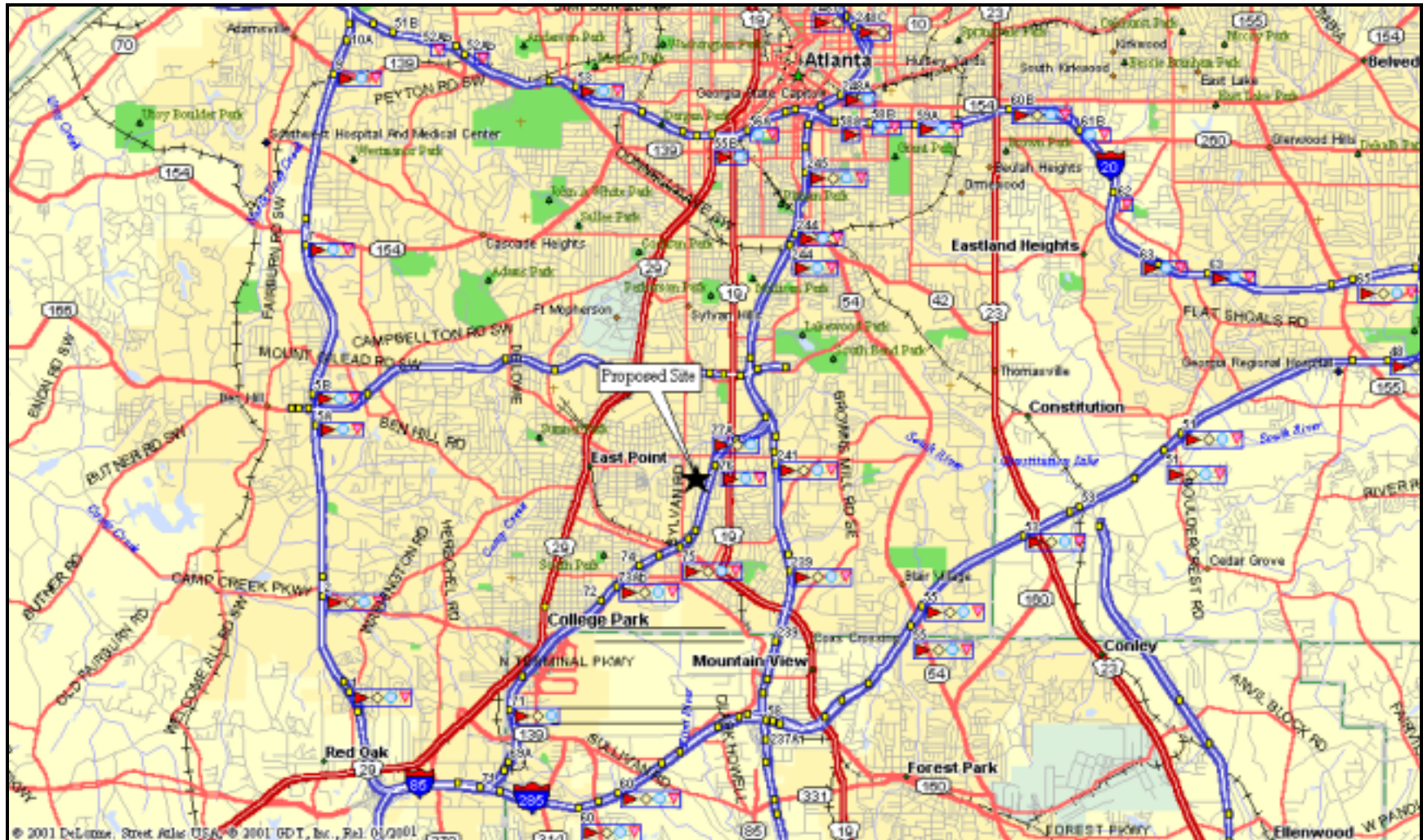
Interior view of Heritage Green Apartments



Existing swimming pool – to be removed.

C. Location Maps

Map 1 - Site Location, Heritage Green



Map 2 - Neighborhood Amenities, Heritage Green



Table 2 - Neighborhood Amenities, Heritage Green

Establishment	Type	Address	Distance
Lee's Grocery	Grocery	2717 Sylvan Road	0.3 Mile
GNT Foods	Grocery	874 Cleveland Avenue	0.4 Mile
Wish	General Merch.	447 Moreland Avenue	0.5 Mile
CVS Pharmacy	Pharmacy	1043 Cleveland Ave	0.5 Mile
CVS Pharmacy	Pharmacy	2720 Metropolitan Pkwy	0.5 Mile
Big Lot's	Discount Store	2685 Stewart Avenue SW	0.6 Mile
Kroger	Grocery/Pharmacy	2685 Metropolitan Pkwy	0.6 Mile
Pyramid Discount Pharmacy	Pharmacy	1185 Cleveland Ave	0.7 Mile
South Fulton Medical Center	Hospital	1170 Cleveland Ave	0.7 Mile
Metro Dental Group	Dental	400 Cleveland Ave SW	0.8 Mile
Hapeville Fire Department	Fire Protection	3468 N Fulton Ave	1.2 Miles
Hapeville Police Department	Police	3468 N Fulton Ave	1.2 Miles
East Point Police Department	Police	2727 E Point Street	1.4 Miles
East Point Fire Department	Fire Protection	2727 E Point Street	1.4 Miles

The majority of the neighborhood amenities and services are located north of the proposed site along Cleveland Avenue and to the east along Metropolitan Parkway. The closest police and fire response centers are located within one and one half miles in East Point (west) and Hapeville (south).

D. Surrounding Land Uses

The proposed development will be compatible with surrounding land uses. The majority of the development along Springdale Road is either multi-family or low to moderate income single family developments. The majority of the existing rental communities within one mile of the proposed site are in similar condition to the proposed site as it now exists prior to renovations. Most development in this area is of older construction and shows signs of deferred maintenance. This market has not benefited from any neighborhood reinvestment from either the public or private sector over the last decade. Development along Springdale Road includes a few light industrial/commercial business and a convalescent home across the street from the subject site. The majority of the retail establishments within one mile of the subject site is located one quarter mile north along Cleveland Avenue.

E. Neighborhood Amenities

Retail/Restaurants

The Heritage Green site is within one mile of several retail establishments. As mentioned previously, the majority of these establishments are located along Cleveland Avenue and Metropolitan Parkway, north and northeast of the subject site respectively.

The largest shopping center in the immediate vicinity is the Kroger Citi-Center strip shopping center located at the intersection of Cleveland Avenue and Metropolitan Parkway. A Kroger Grocery Store/Pharmacy and a CVS Pharmacy anchor this shopping center. Smaller stores and several fast food restaurants are located near this intersection as well. This shopping center is located within one half of one mile from the proposed site.

A few smaller stores are located less than one half of one mile from the proposed site. These include a few smaller food markets located along Cleveland Avenue near its intersection with Sylvan Road.



Kroger Citi-Center

Education

The Atlanta Public School System (APS) has an active enrollment of 58,000 students, attending a total of 97 schools: 69 elementary (K-5), two of which operate on a year-round calendar while 41 offer extended-day programs; 17 middle (6-8); and 11 high (9-12). The school system also supports five alternative schools for middle and/or high school students, two community schools, and an adult learning center.

APS schools are organized into eleven vertical K-12 clusters, composed of one high school and its feeder elementary and middle schools. Each of the alternative schools relates to a high school, while the community schools and adult learning center are extensions of regular high school programs.

The closest public schools to the proposed site include Hutchinson Elementary School (1.3 miles), Long Crawford W Middle School (1.2 miles), and South Atlanta High School (3.1 miles). In terms of test results, Hutchinson Elementary ranks 51st out of 68 elementary schools, Long Middle ranks 8th out of 15 schools, and South Atlanta High ranks 6th out of 13 high school (Table 3).

The Atlanta Metro area is home to many institutions of higher learning including both public and private colleges and universities. The establishments include Georgia Tech, Atlanta Metropolitan College, Georgia Military College, Carter Theological Institute, Atlanta Christian College, Morehouse College, Atlanta University, Clark College, Spellman College, and Phillips School of Theology.



Cleveland Avenue Elementary

Table 3 - School Performance Assessment Tests, Results on School Basis

Elementary Schools

Rank	School Name	3rd Grade						5th Grade						Total
		Read	Math	Language	Science	SS	Composite	Read	Math	Language	Science	SS	Composite	
1	Smith Elementary School	88	86	88	78	83	84	88	83	87	85	80	84	84.0
2	Brandon Elementary School	89	76	90	86	88	83	88	85	85	85	75	82	82.5
3	Morningside Elementary School	85	76	85	83	84	80	86	81	82	85	82	81	80.5
4	Jackson Elementary School	90	84	89	84	86	85	78	78	81	69	70	75	80.0
5	Lin Elementary School	57	53	58	57	57	55	73	63	69	69	69	67	61.0
6	Cascade Elementary School	56	59	72	63	55	59	54	66	62	53	66	62	60.5
7	Rivers Elementary School	43	50	57	47	44	49	57	61	66	58	62	61	55.0
8	Bethune Elementary School	66	77	54	39	43	63	39	53	53	26	47	44	53.5
9	Centennial Place Elementary School	46	46	49	44	47	48	64	52	58	45	49	54	51.0
10	Venetian Hills Elementary School	60	54	51	49	67	59	39	41	44	31	42	40	49.5
11	Garden Hills Elementary School	61	63	62	63	66	61	35	38	43	34	41	37	49.0
12	Beecher Hills Elementary School	55	60	49	38	45	52	51	63	42	30	40	46	49.0
13	Woodson Elementary School	27	30	28	34	36	37	57	54	61	53	76	60	48.5
14	Peyton Forest Elementary School	37	37	52	36	47	43	44	55	61	38	47	52	47.5
15	F. L. Stanton Elementary School	40	43	45	44	58	49	47	54	43	37	46	46	47.5
16	M. A. Jones Elementary School	33	45	44	33	36	41	53	59	44	58	61	53	47.0
17	West Manor Elementary School	45	41	54	48	54	49	40	41	41	40	52	43	46.0
18	West Elementary School	57	43	63	55	47	52	35	46	49	28	36	39	45.5
19	Burgess Elementary School	41	36	43	41	43	43	39	50	59	35	48	47	45.0
20	Slaton Elementary School	23	37	42	33	40	34	42	65	63	55	51	54	44.0
21	Adamsville Elementary School	30	38	45	38	49	39	56	44	49	32	51	48	43.5
22	Grove Park Elementary School	44	39	50	49	60	53	28	26	26	18	36	30	41.5
23	Miles Elementary School	30	47	41	34	41	40	41	37	48	31	46	42	41.0
24	Fain Elementary School	28	40	40	36	41	42	31	33	36	20	39	36	39.0
25	Humphries Elementary School	24	28	37	33	35	35	41	36	54	33	54	43	39.0
26	Continental Colony Elementary School	31	35	45	36	34	39	32	46	38	26	38	38	38.5
27	White Elementary School	39	39	45	44	50	44	37	30	32	24	29	33	38.5
28	C. W. Hill Elementary School	31	50	36	26	30	40	35	38	41	25	30	36	38.0
29	Fickett Elementary School	29	32	35	29	33	34	37	40	44	31	41	40	37.0
30	Oglethorpe Elementary School	33	28	43	33	34	37	32	42	44	22	46	37	37.0
31	Dobbs Elementary School	21	25	26	18	18	25	28	35	45	54	67	47	36.0
32	Cleveland Elementary School	25	36	38	26	29	33	30	36	46	39	33	38	35.5
33	Scott Elementary School	22	20	29	27	33	28	34	40	50	30	54	42	35.0
34	Gideons Elementary School	18	22	22	20	19	23	47	44	33	41	45	45	34.0
35	Collier Heights Elementary School	33	29	36	33	32	38	24	25	26	19	32	28	33.0
36	Boyd Elementary School	19	25	25	21	26	24	36	42	48	29	49	41	32.5
37	Kimberly Elementary School	23	26	32	25	27	27	32	38	38	28	41	38	32.5
38	Mitchell Elementary School	25	34	40	37	32	35	24	29	30	37	37	30	32.5
39	Peterson Elementary School	20	26	30	28	29	29	28	34	38	24	31	34	31.5
40	Capitol View Elementary School	17	37	24	27	25	28	32	37	35	21	36	34	31.0
41	Hubert Elementary School	23	27	28	20	25	27	32	38	46	22	31	34	30.5
42	Charles R. Drew Charter School	22	20	31	21	21	26	34	30	44	20	28	34	30.0
43	Thomasville Heights Elementary School	27	33	27	20	22	28	20	33	32	30	42	32	30.0
44	McGill Elementary School	23	39	35	22	24	31	21	34	30	16	26	28	29.5
45	Pitts Elementary School	19	35	32	25	31	30	23	32	30	20	36	29	29.5
46	Benteen Elementary School	22	27	30	24	23	28	22	29	38	28	35	31	29.5
47	Blalock Elementary School	22	24	26	19	24	25	29	27	40	18	27	32	28.5
48	East Lake Elementary School	18	21	24	21	23	23	24	37	37	25	41	33	28.0
49	Howell Elementary School	18	15	17	19	16	20	35	29	36	26	37	35	27.5
50	Perkerson Elementary School	18	19	23	23	32	25	30	24	34	20	31	29	27.0
51	Hutchinson Elementary School	22	19	27	21	27	26	23	25	33	22	26	28	27.0
52	Rusk Elementary School	13	24	21	21	20	24	29	25	33	22	27	30	27.0
53	Whiteford Elementary School	22	26	31	20	23	28	21	22	27	18	25	24	26.0
54	Cook Elementary School	21	30	23	19	21	26	20	26	34	18	33	26	26.0
55	Toomer Elementary School	15	23	29	16	18	23	22	33	33	19	32	29	26.0
56	Hope Elementary School	18	14	22	19	21	21	26	32	27	25	32	30	25.5
57	Lakewood Elementary School	15	17	16	18	23	21	26	31	22	19	29	30	25.5
58	Williams Elementary School	14	20	21	17	20	23	27	27	17	14	26	27	25.0
59	Towns Elementary School	16	21	27	20	19	22	25	28	30	16	32	27	24.5
60	Slater Elementary School	16	28	26	22	19	24	18	28	24	18	20	23	23.5
61	Connally Elementary School	13	18	23	15	20	20	22	27	28	18	32	26	23.0
62	Ragsdale Elementary School	13	13	19	13	14	17	25	26	36	20	30	29	23.0
63	D. H. Stanton Elementary School	13	14	18	20	25	20	19	19	25	15	26	24	22.0
64	Waters Elementary School	12	14	17	14	16	18	18	22	27	16	25	23	20.5
65	Guice Elementary School	16	18	19	17	17	21	16	14	21	14	24	19	20.0
66	Anderson Park Elementary School	13	12	17	13	17	17	16	19	20	15	27	21	19.0
67	Herndon Elementary School	9	11	13	12	15	15	18	16	26	13	23	21	18.0
68	Dunbar Elementary School	11	11	14	12	19	15	11	16	19	12	22	17	16.0
COUNTY TOTALS		31.3	34.5	37.5	32.3	35.3	36.2	36.0	39.3	41.8	31.4	41.2	39.1	37.7

Source: Georgia State Department of Education
Compiled by Real Property Research Group, Inc.

Middle Schools

8th Grade							
Rank	School Name	Reading	Math	Language	Science	SS	Composite
1	Inman Middle School	78	74	84	74	76	77
2	Sutton Middle School	58	46	61	54	52	57
3	Bunche Middle School	42	37	49	36	42	43
4	Young Middle School	41	34	44	30	35	39
5	Walden Middle School	35	27	44	26	29	37
6	Usher Middle School	26	27	33	24	30	30
7	Coan Middle School	26	29	32	23	24	30
8	Long Middle School	24	27	29	22	30	29
9	Sylvan Hills Middle School	30	23	32	19	28	28
10	Turner Middle School	26	24	26	21	24	26
11	King Middle School	26	20	29	22	29	26
12	Price Middle School	21	17	28	17	23	22
13	West Fulton Middle School	19	18	22	14	21	21
14	Kennedy Middle School	18	13	26	16	21	21
15	Parks Middle School	18	15	22	16	22	19

COUNTY TOTALS

32.5	28.7	37.4	27.6	32.4	33.7
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High Schools

11th Grade							
Rank	School Name	Language	Math	Science	SS	Composite	HSGT Writing Test
1	Mays High School	99	97	81	94	78	94
2	Grady High School	99	92	74	86	73	92
3	North Atlanta High School	95	94	74	85	70	92
4	Douglass High School	91	83	60	73	55	90
5	Southside High School	91	84	45	70	42	84
6	South Atlanta High School	89	85	55	64	40	78
7	Harper/Archer High School	81	80	41	67	38	80
8	Washington High School	88	84	43	57	37	90
9	Therrell High School	92	81	39	62	35	80
10	Crim High School	86	77	39	50	32	86
11	Crim Evening Classes	92	100	36	100	30	
12	Washington Evening High School	72	78	38	43	29	82
13	Carver High School	82	67	30	43	24	68

COUNTY TOTALS

89.0	84.8	50.4	68.8	44.8	84.7
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Source: Georgia State Department of Education
Compiled by Real Property Research Group, Inc.

Medical

The closest major medical center to the proposed site is South Fulton Medical Center. This major hospital offers a variety of medical care including 24-hour emergency medicine and general practice. The health centers within the hospital's system include children's health, men's health, women's health, and senior's health. South Fulton Medical Center is located less than one half of one mile north of the proposed site near the intersection of Cleveland Avenue and Sylvan Road.

In addition to this major medical center, several smaller clinic and independent physicians operate within one mile of the site location. Furthermore, several large hospitals and medical centers in Grady Hospital System, Emory Medical Center, and Piedmont Hospital also serve the Atlanta region.

Transportation

Fulton County and the Atlanta metropolitan area is served by Interstates 20, 75, 85 and 285. Interstates 75 and 85 are both located within one mile of the proposed site and Interstates 20 and 285 are located within approximately 5 miles. These interstates provide access to the entire metropolitan Atlanta area, the state of Georgia and bordering states. Large state and U.S. Highways in the area include Highways 6, 41, 29, 139, 279, 54, and 154.

Metro Atlanta's rail and transit system, MARTA, connects southern Fulton County with much of the Atlanta region through its bus and train network. There are several bus routes that run near the site. The closest MARTA bus stop is located on Springdale Road within walking distance of the site.

F. Overall Site Conclusion

The proposed site is located in an older, established area of south Fulton County. The site is compatible with existing land uses and is located conveniently to community shopping, services, and transportation arteries.

There has been little new construction of rental housing in the immediate area of the past fifteen to twenty years. Yet, as an established neighborhood, the area has an extensive community infrastructure in place. Given the age, condition, and quality of the rental housing in the area, the market area lends itself to investment in rehabilitation projects which will improve the overall housing stock rather than new construction. The proposed development and site rehabilitation will be well received by the existing tenant base in the market..

The proposed site is located in an area of Atlanta that has not seen a significant amount of new construction or large-scale redevelopment in the past decade. Much of the existing housing and retail establishments are of older construction and have not been well maintained. The proposed development will not only be well accepted as one of the more appealing communities, but will also likely be a trigger for additional redevelopment in the area.

IV. Market Area

A. Market Area Definition

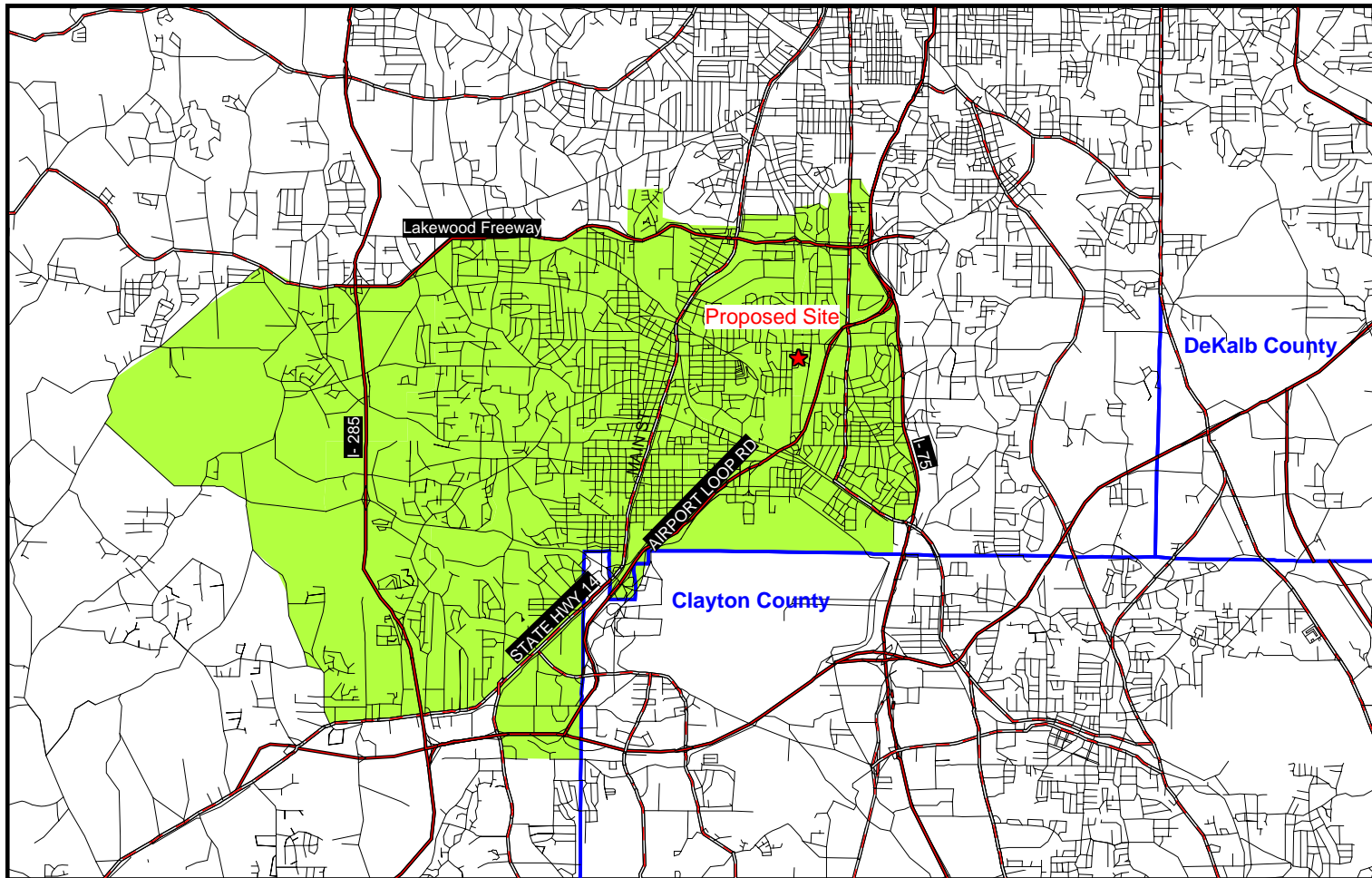
The primary market area for Heritage Green consists of the census tracts located in southwest Fulton County. The approximate borders of this market area are Lakewood Freeway to the north, Interstate 75 to the east, Interstate 285/Clayton County to the south and Camp Creek Parkway to the west. This includes portions of East Point, College Park, Hapeville and Atlanta. The market area is located exclusively within Fulton County and not in either DeKalb or Clayton Counties.

This market area was determined based on conversations with local property managers, local housing officials, and on-site analysis. The composition and housing stock is fairly consistent throughout the primary market area. There are no natural or social boundaries that would hinder the movement of renters throughout this market.

The approximate distance to the borders of this primary market area are 1.69 miles to the north, 1.04 miles to the east, 3.75 miles to the south, and 7.52 miles to the east. The primary market area includes year 2000 census tracts 0075, 0112.01, 0113.01, 0077.02, 0111, 0112.02, 0074, 0113.03, 0110, 0109, 0108, 0107, 0106.01, 0106.03, 0113.04, and 0106.04.

B. Map of Market Area

Map 3 - Primary Market Area

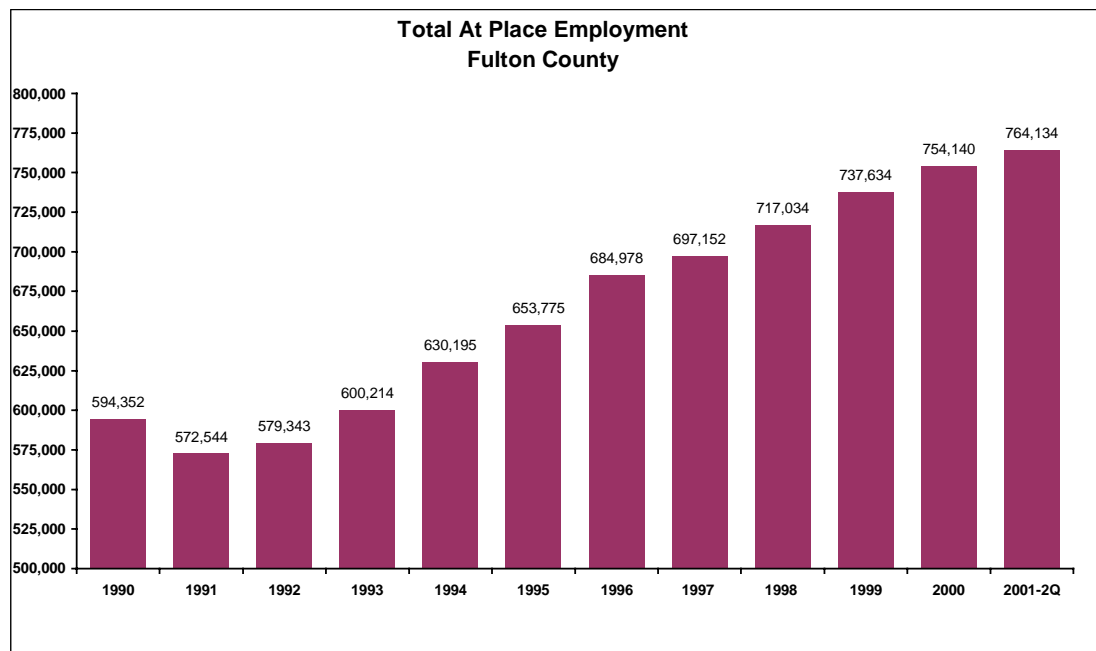


V. Market Area Economy

A. At Place Employment and Employment by Sector

Total at place employment has increased steadily over the past decade (Figure 2). In 2000, employment in Fulton County had reached 754,140, as job growth averaged nearly 16,000 jobs annually during the decade. Overall, the county experienced a net increase of over 159,788 jobs since 1990. Total at-place employment decreased between 1990 and 1991, but has increased each year since. This continued growth has been steady with larger than average increases experienced between 1993 and 1994 and between 1995 and 1996. Employment growth has been relatively moderate over the past three years. Initial figures indicate that total at-place employment has increased by an additional 9,994 jobs or 1.3 percent over the first two quarters of 2002. On a percentage basis, job growth in Fulton County has been higher than national employment growth over the last five years of the previous decade (Figure 3).

Figure 2 - At Place Employment, Fulton County, Georgia

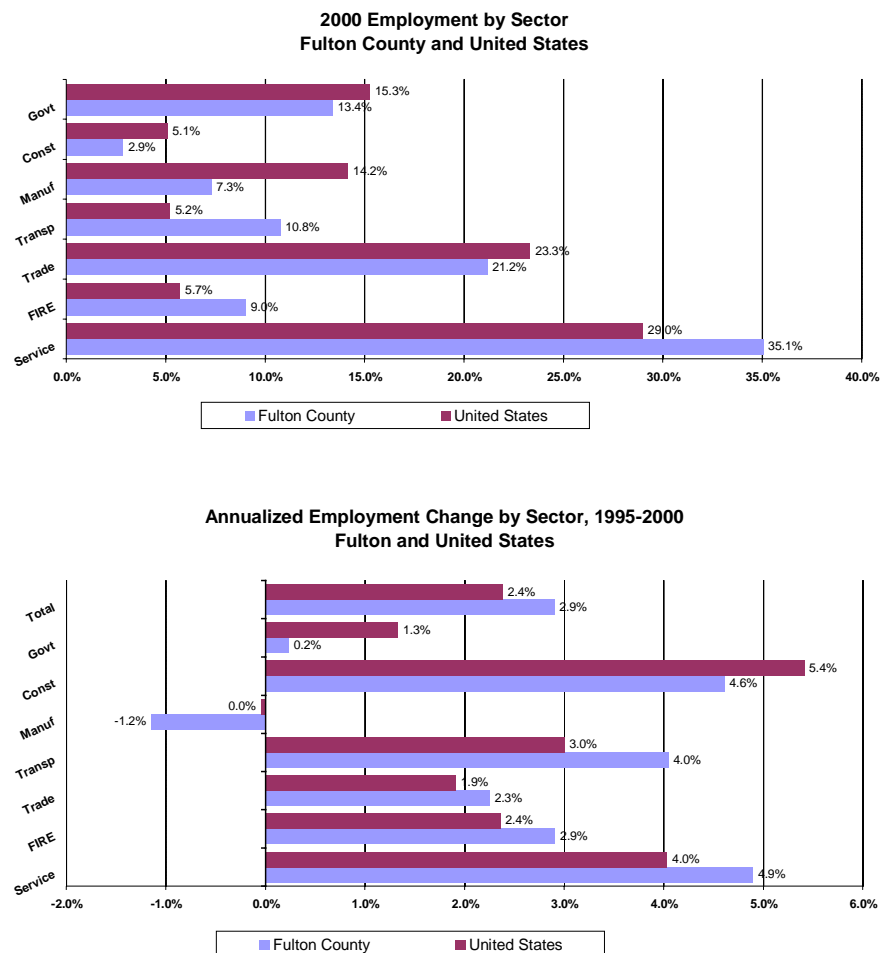


Source: Georgia Department of Labor,
of Labor Statistics, Covered Employment and Wages (ES 202)

Bureau

At place employment figures indicate that the service sector of employment growth is fueling Fulton County's economy. The service sector had the fastest rate of growth of any sector since 1995 (4.9 percent annualized growth) and the largest share of any employment sector at 35.1 percent (Figure 3). The transportation (4.0 percent) and construction (4.6 percent) sectors also experienced above average growth, however accounted for only 10.8 percent and 2.9 percent of total employment respectively. Major employers in Atlanta and Fulton County represent a wide range of products and/or services including telecommunications, manufacturing, service, and healthcare (Table 4).

Figure 3 - Total Employment and Employment Change by Sector, Fulton County



Source: Georgia Department of Labor,
Bureau of Labor Statistics, Covered Employment and Wages (ES 202)

B. Major Employers

The majority of the major employers in the “Atlanta” area of Fulton County are located in and around downtown, within approximately ten miles of the proposed site. An additional large concentration of Fulton County’s major employers is located in the Buckhead area of the city, which is located northeast of downtown along Georgia 400. These employers are located approximately 10 to 15 miles from the proposed site and are an unlikely employment option for residents of southern Fulton County. A large employment concentration near southern Fulton County is Atlanta Hartsfield Airport, just inside the Clayton County border. Although not in the county, many of the residents of the primary market area are likely employed in or near the airport. The following table lists the largest employers in Fulton County and the region in which they are located. These employers represent several fields including utilities, food products, airlines, technology, transportation and retail/wholesale trade.

Table 4 - Largest Employers in Fulton County

Employer	Location
American Software, Inc	Buckhead
BellSouth Corporation	Atlanta
Blue Cross Blue Shield of GA	Buckhead
Buckhead Life Restaurant Group	Buckhead
Coca-Cola Company, The	Atlanta
Columbia West Paces Medical Center	Buckhead
Cox Enterprises, Inc.	Atlanta
Delta Airlines, Inc.	Atlanta
Genuine Parts Company	Atlanta
Georgia Pacific Corporation	Atlanta
Home Depot, Inc.	Atlanta
IBM Corporation	Buckhead
MARTA	Buckhead
Piedmont Hospital	Buckhead
Rich's	Buckhead
Ritz Carleton Buckhead	Buckhead
Southern Company, The	Atlanta
Turner Broadcasting Company	Atlanta
United Parcel Service	Atlanta

Source: Atlanta Homes Real Estate and Relocation Services

C. Labor Force and Unemployment

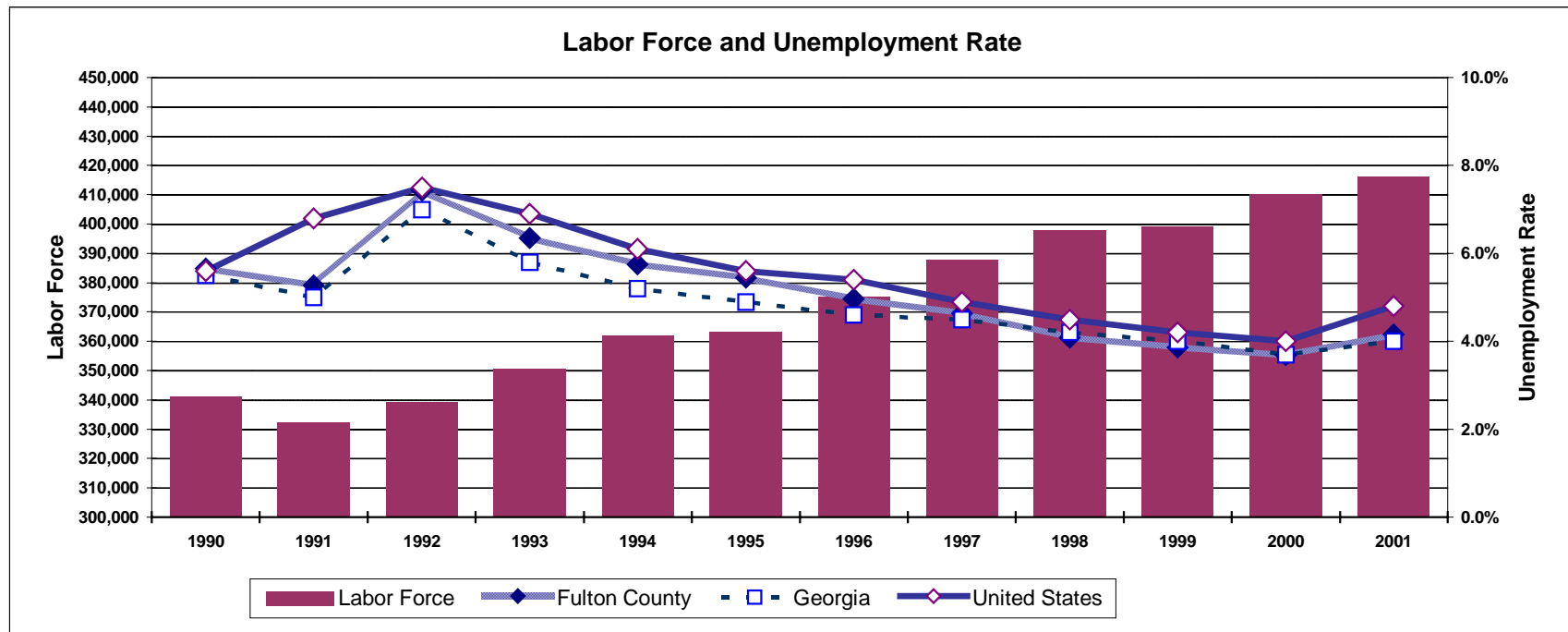
Fulton County's labor force has increased by 75,165 or 22.04 percent over the past 11 years. After an initial decline between 1990 and 1991, the labor force has continually grown since 1991. The growth has been fairly consistent and even with lower than average growth between 1994 and 1995 and between 1998 and 1999. The 2001 labor force is 1.4 percent higher than the 2000 year end total (Table 5).

The unemployment rate in Fulton County has consistently declined over the past decade with only two years experiencing an increase. The high point of the decade in terms of unemployment rate occurred in 1992, with 7.4 percent of the workforce unemployed. Eight consecutive years job growth has resulted in the decade's lowest level of unemployment at 3.7 percent. Unemployment data for 2001 shows that Fulton County's unemployment rate increased 0.4 percentage points over the past year. This is slightly higher than the increase experience by the state of Georgia (0.3 percentage points), but lower than and The United States (0.8 percentage points). It appears that Fulton County's unemployment has been impacted commensurate with the state's economy and to a lesser degree than the nation's.

Table 5 - Labor Force and Unemployment Rates, Fulton County, Georgia

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Labor Force	341,032	332,290	339,219	350,687	361,995	363,188	375,196	387,623	397,813	399,063	410,281	416,197
Employment	321,756	314,774	314,004	328,405	341,172	343,427	356,549	369,672	381,566	383,640	395,164	398,925
Unemployment	19,276	17,516	25,215	22,282	20,823	19,761	18,647	17,951	16,247	15,423	15,117	17,272
Unemployment Rate												
Fulton County	5.7%	5.3%	7.4%	6.4%	5.8%	5.4%	5.0%	4.6%	4.1%	3.9%	3.7%	4.1%
Georgia	5.5%	5.0%	7.0%	5.8%	5.2%	4.9%	4.6%	4.5%	4.2%	4.0%	3.7%	4.0%
United States	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%

Source: Georgia Department of Labor, Licensing and Regulation



VI. Community Demographic Data

A. Population and Household Trends

Historic growth rates for the primary market area and Fulton County are based on 1990 and 2000 Census counts. Projections are based on Claritas Data Services, Inc. growth rates for both geographies applied to the base 2000 Census data and compared to countywide population estimates developed by the Georgia State Data and Research Center. This approach is more conservative than using the more aggressive estimates made by Claritas before the release of the 2000 Census data.

Fulton County has experienced steady growth over the past decade. Fulton County's 2000 population represents an increase of 167,055 persons or 25.7 percent from 1990. The population growth rate in the primary market area has been approximately half of the county's rate at 12.7 percent during the same time period (Table 6). Based on the estimates made, the county and PMA populations are expected to grow by an additional 6.2 and 3.4 percent respectively from 2000 to 2004.

Based on 1990 and 2000 Census data, the PMA gained 2,137 households, while the entire county increased by a total of 64,102 households. The PMA's growth equates to an average annual increase of 214 households or 0.7 percent, slower than the county's annual rate of 2.3 percent.

Projections show that the PMA's household count is expected to increase by an additional 1,042 or 3.4 percent between 2000 and 2004. The county's rate of household growth is projected at 8.1 percent or 26,062 households during the same four year time period.

The growth rate in the primary market area is understandably lower than the county's growth due to the densely populated nature of the region. The proposed site is located in a more developed area south of downtown along Interstates 75 and 85. A large percentage of the county's growth has occurred in the northern suburbs along Georgia 400 including Sandy Springs, Roswell and Alpharetta.

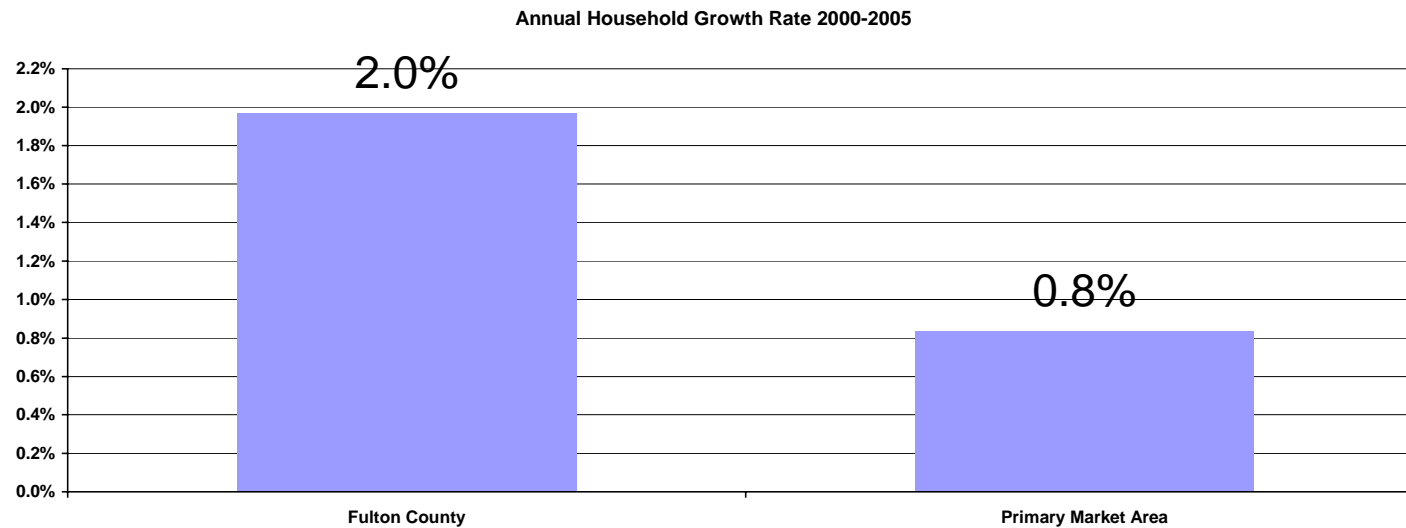
Table 6 - Trends in Population and Households, PMA and Fulton County

**Population and Household Growth 1990 to 2004
Fulton County and The Primary Market Area**

Fulton County					Change 1990 to 2000				Change 2000 to 2002				Change 2000 to 2004			
					Total		Annual		Total		Annual		Total		Annual	
	1990	2000	2002	2004	#	%	#	%	#	%	#	%	#	%	#	%
Population	648,951	816,006	840,962	866,682	167,055	25.7%	16,706	2.3%	24,956	3.1%	12,478	1.5%	50,676	6.2%	25,338	1.5%
Households	257,140	321,242	336,581	347,304	64,102	24.9%	6,410	2.3%	15,339	4.8%	7,670	2.4%	26,062	8.1%	13,031	2.0%

The Primary Market Area					Change 1990 to 2000				Change 2000 to 2002				Change 2000 to 2004			
					Total		Annual		Total		Annual		Total		Annual	
	1990	2000	2002	2004	#	%	#	%	#	%	#	%	#	%	#	%
Population	72,764	82,024	83,413	84,826	9,260	12.7%	926	1.2%	1,389	1.7%	695	0.8%	2,802	3.4%	1,401	0.8%
Households	28,655	30,792	31,309	31,834	2,137	7.5%	214	0.7%	517	1.7%	258	0.8%	1,042	3.4%	521	0.8%

Source: Projections, Real Property Research Group, Inc.
note: annual change is compounded rate

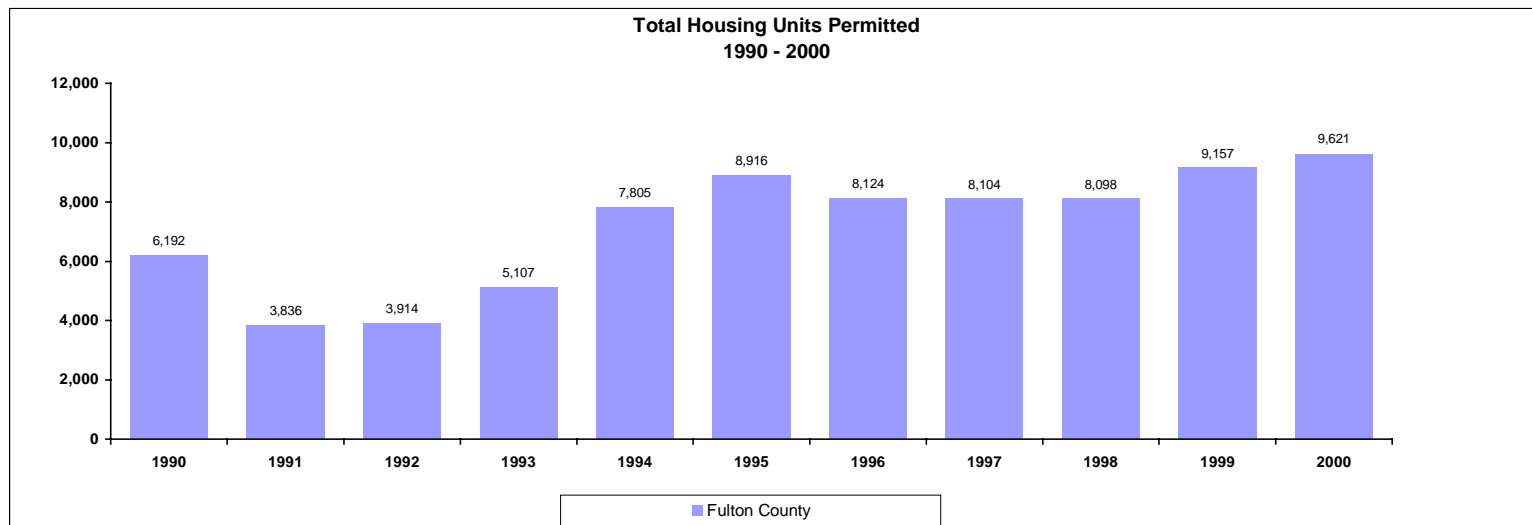


B. Recent Building Permit Activity

Average annual permit activity in the county over the last decade was 7,170 units, higher than the average household growth of 6,410 (Table 7). According to the annual average of the past decade, 44.7 percent of the building permits have been multifamily. According to 2000 Census data, 48.0 percent of the householders in the county are renters.

Table 7 - Fulton County Building Permits, 1990 - 2000

Fulton County												
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1990-2000
Single Family	3,174	3,392	3,743	4,137	3,980	3,801	3,654	4,435	5,011	4,791	3,446	40,390
Two Family	44	44	46	22	16	24	30	24	30	72	56	364
3 - 4 Family	7	0	4	8	46	7	14	7	64	59	152	361
5 or more Family	2,967	400	121	940	3,763	5,084	4,426	3,638	2,993	4,235	5,967	31,567
Total	6,192	3,836	3,914	5,107	7,805	8,916	8,124	8,104	8,098	9,157	9,621	72,682
												7,170



C. Demographic Characteristics

With the recent release of 2000 Census data, we can look at demographic characteristics of the census tracts in the primary market area and Fulton County.

A review of the population by age bracket in the PMA versus Fulton County (Table 8) shows that the two areas have noticeable differences in terms of age of population. The primary market area has a much higher proportion of its residents under the age of 25 years old (41 percent) than does the county (35.4 percent). Fulton County has a higher percentage in each age bracket between the ages of 25 and 74 years of age. The two areas have the same percentage age 75 and older.

In terms of household types (Table 9), Fulton County has a much higher percentage of married households (37.3 versus 27.1 percent). Despite the much lower marriage rate, the primary market area has a higher rate of children present, 32.8 percent versus 28.8 percent. This is due primarily to single female householders with children. Fulton County has a higher proportion of householders living alone (Table 8). Overall, it appears that Fulton County is comprised of older, married householders with children. The primary market area has more residents in the younger age groups with a much lower marriage rate but more children.

Table 8 - 2000 Age Distribution

	Fulton County		The Primary Market Area	
	#	%	#	%
Under 10 years	114,948	14.1%	13,824	16.9%
10-17 years	84,342	10.3%	9,742	11.9%
18-24 years	89,602	11.0%	10,037	12.2%
25-34 years	151,534	18.6%	13,929	17.0%
35-44 years	137,850	16.9%	12,303	15.0%
45-54 years	109,132	13.4%	10,053	12.3%
55-59 years	35,031	4.3%	3,167	3.9%
60-64 years	24,577	3.0%	2,243	2.7%
65-69 years	19,125	2.3%	1,791	2.2%
70-74 years	16,634	2.0%	1,547	1.9%
75 and older	33,231	4.1%	3,388	4.1%
TOTAL	816,006	100.0%	82,024	100.0%

Source: U.S. Census of Population and Housing, 2000

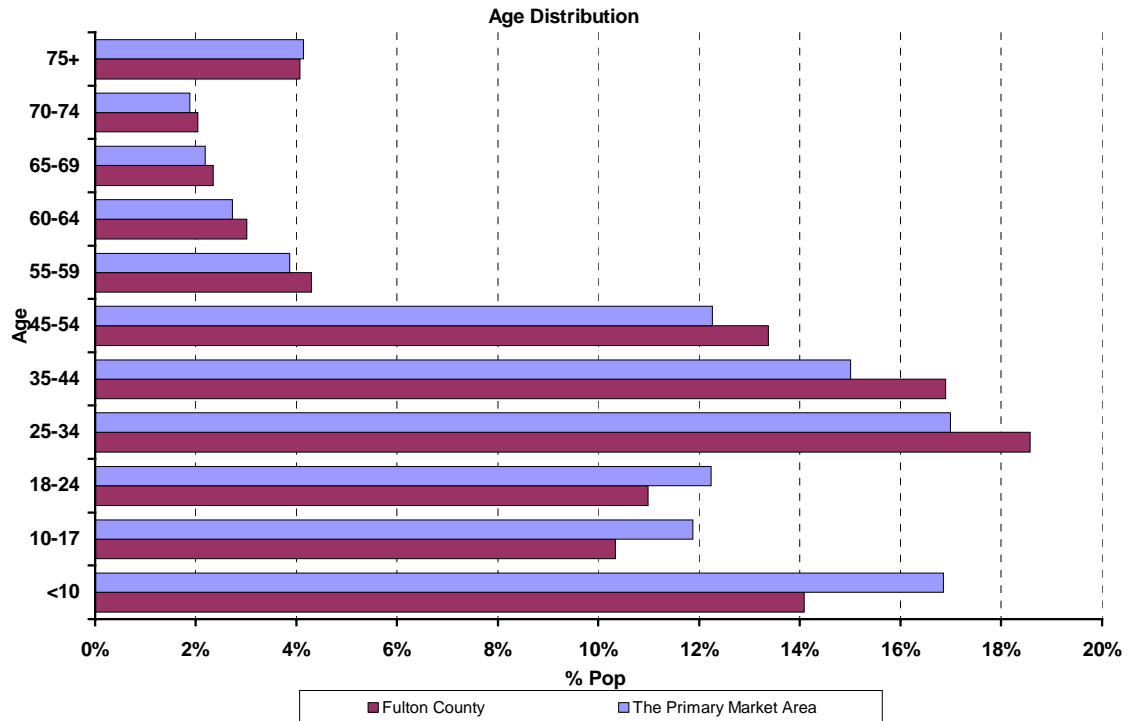
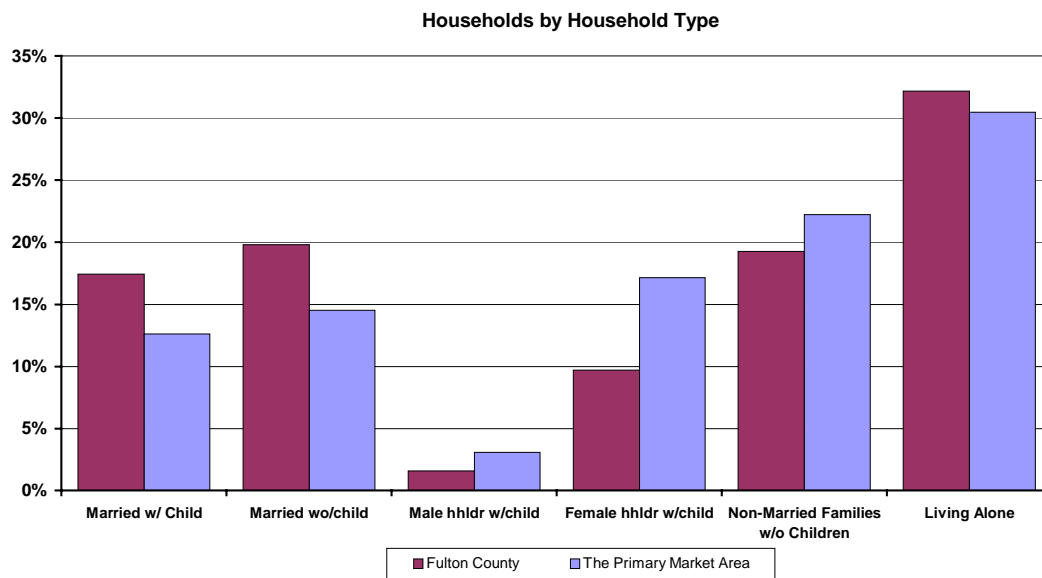


Table 9 - 2000 Households by Household Type

	Fulton County		The Primary Market Area	
	#	%	#	%
Married w/ Child	56,059	17.5%	3,886	12.6%
Married wo/child	63,655	19.8%	4,466	14.5%
Male hhldr w/child	5,088	1.6%	946	3.1%
Female hhldr w/child	31,109	9.7%	5,280	17.1%
Non-Married Families w/o Children	61,939	19.3%	6,838	22.2%
Living Alone	103,392	32.2%	9,376	30.4%
Total	321,242	100.0%	30,792	100.0%

Source: U.S. Census of Population and Housing, 2000

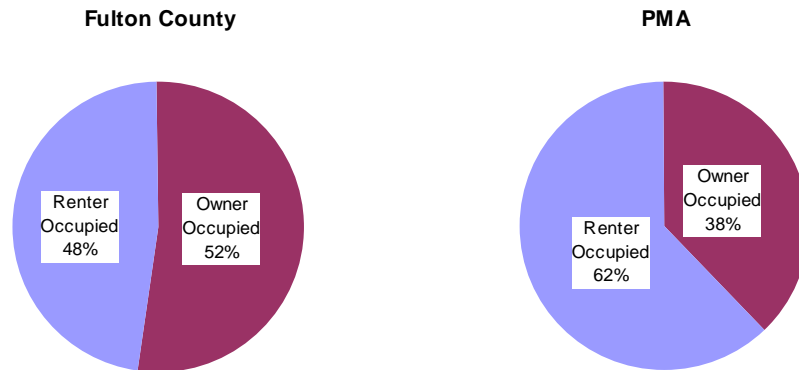


The majority of the householders in the primary market area are renters. In contrast, a majority of Fulton County's householders are owners. In 2000, 62.3 percent of the householders in the PMA were renters (Table 10). In comparison, only 48 percent of Fulton County householders rented. Homeownership decreased by 3.9 percent over the past ten years in the market area, while homeownership increased by 2.5 percent in the county.

Table 10 - 1990 & 2000 Dwelling Units by Occupancy Status

	Fulton County		PMA	
	#	%	#	%
1990 Households				
Owner Occupied	127,318	49.5%	11,962	41.6%
Renter Occupied	129,822	50.5%	16,769	58.4%
Total Occupied	257,140	100.0%	28,731	100.0%

	Fulton County		PMA	
	#	%	#	%
2000 Households				
Owner Occupied	167,119	52.0%	11,621	37.7%
Renter Occupied	154,123	48.0%	19,171	62.3%
Total Occupied	321,242	100.0%	30,792	100.0%

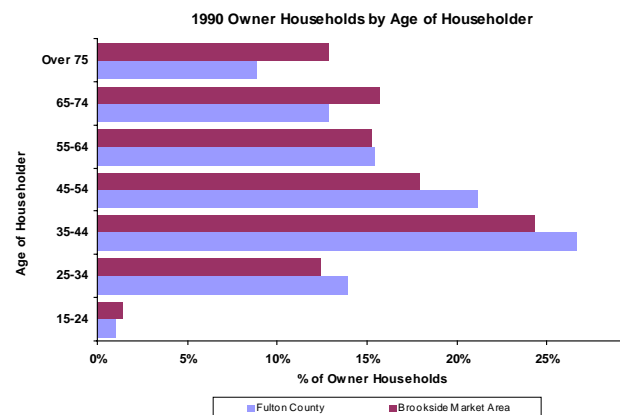
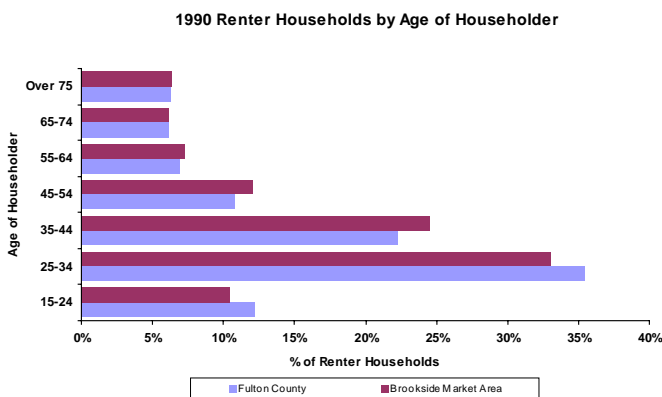


A higher proportion of Fulton County's household owners are young to middle age (25-44). The primary market has a large percentage under age 24 and in all income groups beginning with age 45 (Table 11). The age of renter householders is fairly similar, with Fulton County having almost 35 percent of its renter householders between the ages of 25 and 34 years. As with the owner householders, the PMA has a larger percentage in the youngest age group. The PMA also has a larger percentage between the ages of 35 and 74. Fulton County has a greater occurrence of renters age 75 and older.

Table 11 - 2000 Households by Tenure & Age of Householder

Owner Households		Fulton County		The Primary Market Area	
Age of HHldr	#	%	#	%	
15-24 years	1,652	1.0%	175	1.5%	
25-34 years	23,500	14.1%	1,147	9.9%	
35-44 years	42,413	25.4%	2,349	20.2%	
45-54 years	42,705	25.6%	3,096	26.6%	
55-64 years	26,645	15.9%	2,096	18.0%	
65-74 years	16,590	9.9%	1,340	11.5%	
75 to 84 years	10,607	6.3%	1,145	9.9%	
85+ years	3,007	1.8%	273	2.3%	
Total	167,119	100%	11,621	100%	

Renter Households		Fulton County		The Primary Market Area	
Age of HHldr	#	%	#	%	
15-24 years	19,921	12.9%	2,556	13.3%	
25-34 years	53,604	34.8%	5,863	30.6%	
35-44 years	33,748	21.9%	4,713	24.6%	
45-54 years	21,607	14.0%	3,128	16.3%	
55-64 years	10,538	6.8%	1,370	7.1%	
65-74 years	6,822	4.4%	879	4.6%	
75 to 84 years	5,187	3.4%	475	2.5%	
85+ years	2,696	1.7%	187	1.0%	
Total	154,123	100%	19,171	100%	



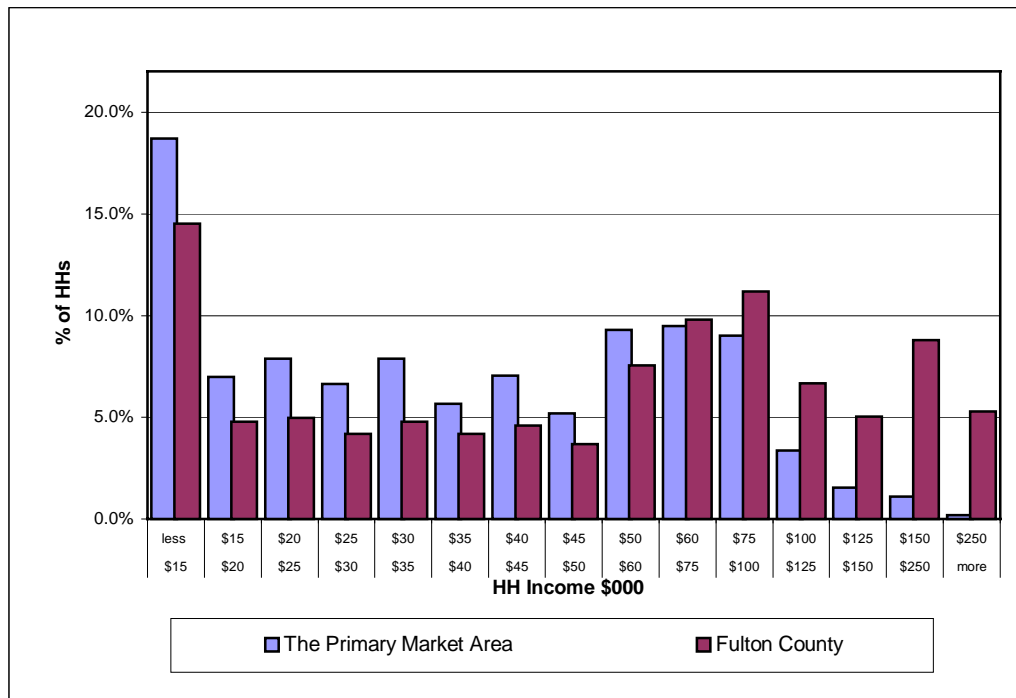
D. Income Characteristics

Claritas Data Services, Inc. estimates the 2001 median household income for Fulton County to be \$55,189 (Table 12). The median household income in the primary market area is \$36,463, which is approximately 66 percent of the county median.

As to expected with a significantly lower household median income, the primary market area has a greater percentage of its households in each income bracket below \$60,000. Fulton County has a greater percentage in all income classifications above \$60,000. The income distribution in Table 12 shows the percentage of households in each income segment for the primary market area and Fulton County. More than 28 percent of households in the primary market area have incomes between \$20,000 and \$40,000, the income bands that are traditionally addressed by tax credit communities.

Table 12 - 2001 Household Income Distribution, PMA and Fulton County

The Primary Market Area				Fulton County	
less than	\$15,000	5,803	18.7%	47,340	14.5%
\$15,000	\$19,999	2,170	7.0%	15,564	4.8%
\$20,000	\$24,999	2,447	7.9%	16,165	5.0%
\$25,000	\$29,999	2,060	6.6%	13,655	4.2%
\$30,000	\$34,999	2,445	7.9%	15,607	4.8%
\$35,000	\$39,999	1,758	5.7%	13,637	4.2%
\$40,000	\$44,999	2,182	7.0%	15,005	4.6%
\$45,000	\$49,999	1,613	5.2%	12,049	3.7%
\$50,000	\$59,999	2,888	9.3%	24,642	7.6%
\$60,000	\$74,999	2,951	9.5%	32,013	9.8%
\$75,000	\$99,999	2,802	9.0%	36,531	11.2%
\$100,000	\$124,999	1,047	3.4%	21,792	6.7%
\$125,000	\$149,999	481	1.5%	16,379	5.0%
\$150,000	\$249,999	346	1.1%	28,688	8.8%
\$250,000	over	56	0.2%	17,253	5.3%
		31,049	100.0%	326,319	100.0%
Median Income		\$36,463		\$55,189	



VII. Project Specific Demand Analysis

A. Proposed Unit Mix and Income Limits

The following table shows the floorplans to be offered at Heritage Green. Tax credit units are all those targeting renters earning no more than 60 percent of the Area Median Income. Any proposed market rate units will be noted as targeting 80 percent of the AMI. The “Minimum Income” column was calculated assuming that tenants will pay no more than 35 percent of their income for total housing cost for family units and no more than 40 percent for elderly units. The “Maximum Income” limit was calculated using the 2002 HUD Income Limit of \$71,200 for the Atlanta MSA, in which the project is located.

According to the 2002 Qualified Allocation Plan, maximum allowable project rents in the Atlanta MSA must be calculated using 54 percent of the Area Median Income, adjusted for household size. However, tenant eligibility for the units priced at 54 percent of the median is based on 60 percent of the AMI. The “maximum income” and “maximum gross rent” columns in the table below are based on 60 percent of the AMI, however the “planned gross rent” is based on 54 percent.

Table 13 - Project Specific LIHTC Rent Limits, Atlanta MSA

Maximum % of AMI	Number of Units	Bedrooms	Planned Net Rent	Utility Allowance	Planned Gross Rent	Maximum Gross Rent	Maximum Income	Minimum Income
30%	1	0	\$276	\$73	\$349	\$374	\$14,940	\$11,966
30%	8	1	\$272	\$102	\$374	\$401	\$16,020	\$12,823
30%	6	2	\$318	\$131	\$449	\$481	\$19,230	\$15,394
30%	1	3	\$356	\$163	\$519	\$555	\$22,215	\$17,794
50%	2	0	\$436	\$73	\$509	\$623	\$24,900	\$17,451
50%	26	1	\$497	\$102	\$599	\$668	\$26,700	\$20,537
50%	19	2	\$592	\$131	\$723	\$801	\$32,050	\$24,789
50%	3	3	\$677	\$163	\$840	\$926	\$37,025	\$28,800
60%	11	1	\$514	\$102	\$616	\$801	\$32,040	\$21,120
60%	8	2	\$608	\$131	\$739	\$962	\$38,460	\$25,337
60%	2	3	\$693	\$163	\$856	\$1,111	\$44,430	\$29,349
80%	1	0	\$450	\$73	\$523	\$996	\$39,840	\$17,931
80%	11	1	\$514	\$102	\$616	\$1,068	\$42,720	\$21,120
80%	8	2	\$608	\$131	\$739	\$1,282	\$51,280	\$25,337
80%	2	3	\$693	\$163	\$856	\$1,481	\$59,240	\$29,349

B. Affordability Analysis

The following affordability analysis shows the penetration rate of income eligible households required to lease up the community. (Table 14). This penetration rate should not be confused with the capture rates based on DCA demand components shown in the following section.

- Penetration rates were calculated for all units, by income percentage, and by floorplan. The next several bullets will describe the methodology used to determine the penetration rate, using the first floorplan as an example. The tables on the following pages show the penetration rates for all floorplans.
- Using a 35 percent underwriting criteria, we determined that the average proposed 30 percent gross rent for an efficiency unit (\$349) would be affordable to households earning a minimum of \$14,952, which includes 25,589 households in the primary market area.
- Based on the 2002 LIHTC income limits for households at 30 percent of median income, the maximum income allowed for an efficiency unit in this market would be \$11,966. We estimate that 27,779 households within the primary market area have incomes above that maximum.
- Subtracting the 26,589 households with incomes above the maximum income from the 27,779 households that could afford to rent this unit, we compute that 1,190 households are within the band of being able to afford the proposed rent. The proposed one 30 percent efficiency unit would require a penetration rate of 0.1 percent of all qualified households to lease up all units. Using the same methodology, we determined the band of qualified households for each of the other bedroom types offered in the community.
- Given the income requirements of each unit type and the overlap of income bands, project wide affordability bands were calculated. Looking at all 87 LIHTC units, the project will need to absorb 0.8 percent of 10,659 households that earn between \$11,996 and \$44,269 in the primary market area.
- By subtracting the 17,120 households with income above \$44,269 from the 2004 household estimate (31,834), 14,714 households or 46.22 percent of all households earn below the maximum income limit for the tax credit units.

- The 10,659 households with incomes above the minimum **and** below the maximum income limit represent 33.48 percent of the total household count.
- Affordability by floorplan indicates that there is a sufficient number of income qualified households for all floorplans at each income level.
- The penetration rates assume that all units will need to be leased. In fact, it is assumed that no more than 20 percent of the units will become vacant. The functional penetration rates will be much lower than those illustrated in the following tables.

Table 14 - 2004 Affordability Analysis for Heritage Green.

Gross Capture Rate by Income Group

	<u>Number of Units</u>		<u>Band of Qualified HHs</u>		<u># Qualified HHs</u>		
		<i>Income</i>	\$11,966	\$22,214			
30% Units	16	<i>HHs</i>	27,779	23,571	4,208	0.4%	Penetration Rate
		<i>Income</i>	\$17,451	\$37,024			
50% Units	50	<i>HHs</i>	25,589	17,120	8,469	0.6%	Penetration Rate
		<i>Income</i>	\$21,120	\$44,429			
60% Units	21	<i>HHs</i>	24,065	14,182	9,883	0.2%	Penetration Rate
		<i>Income</i>	\$17,931	\$59,240			
Mkt Units (80%)	22	<i>HHs</i>	25,397	9,617	15,780	0.1%	Penetration Rate
		<i>Income</i>	\$11,966	\$44,269			
All LIHTC UNITS	87	<i>HHs</i>	27,779	17,120	10,659	0.8%	Penetration Rate

Table 15 - 2004 Affordability Analysis for Heritage Green, by floorplan, efficiency and 1 Bedroom units.

Efficiency Units				One Bedroom Units			
30% Units	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	1		Number of Units	8		
	Net Rent	\$276		Net Rent	\$272		
	Gross Rent	\$349		Gross Rent	\$374		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$11,966	\$14,952	Income	\$12,823	\$16,020	
	Range of Qualified Hslds	27,779	26,589	Range of Qualified Hslds	27,438	26,162	
50% Units	# Qualified Households		1,190	# Qualified Households		1,276	
	Unit Penetration Rate		0.1%	Unit Penetration Rate		0.6%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	2		Number of Units	26		
	Net Rent	\$436		Net Rent	\$497		
	Gross Rent	\$509		Gross Rent	\$599		
	% Income for Shelter	35%		% Income for Shelter	35%		
60% Units	Income	\$17,451	\$24,920	Income	\$20,537	\$26,700	
	Range of Qualified Hslds	25,589	22,352	Range of Qualified Hslds	24,328	21,546	
	# Qualified Households		3,238	# Qualified Households		2,781	
	Unit Penetration Rate		0.1%	Unit Penetration Rate		0.9%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units			Number of Units	11		
	Net Rent			Net Rent	\$514		
Market Rate (80%)	Gross Rent			Gross Rent	\$616		
	% Income for Shelter			% Income for Shelter	35%		
	Income			Income	\$21,120	\$32,040	
	Range of Qualified Hslds			Range of Qualified Hslds	24,065	19,167	
	# Qualified Households			# Qualified Households		4,898	
	Unit Penetration Rate			Unit Penetration Rate		0.2%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	1		Number of Units	11		
	Net Rent	\$450		Net Rent	\$514		
	Gross Rent	\$523		Gross Rent	\$616		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$17,931	\$39,840	Income	\$21,120	\$42,720	
	Range of Qualified Hslds	25,397	16,058	Range of Qualified Hslds	24,065	14,882	
	# Qualified Households		9,339	# Qualified Households		9,182	
	Unit Penetration Rate		0.0%	Unit Penetration Rate		0.1%	

Table 16 - 2004 Affordability Analysis for Heritage Green, by floorplan, two and three bedroom units.

Two Bedroom Units				Three Bedroom Units			
30% Units	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	5		Number of Units	1		
	Net Rent	\$356		Net Rent	\$356		
	Gross Rent	\$487		Gross Rent	\$519		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$16,697	\$19,224	Income	\$17,794	\$22,214	
	Band of Qualified Hslds	25,891	24,880	Range of Qualified Hslds	25,452	23,571	
50% Units	# Qualified Households		1,011	# Qualified Households		1,881	
	Unit Penetration Rate		0.5%	Unit Penetration Rate		0.1%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	19		Number of Units	3		
	Net Rent	\$592		Net Rent	\$677		
	Gross Rent	\$723		Gross Rent	\$840		
	% Income for Shelter	35%		% Income for Shelter	35%		
60% Units	Income	\$24,789	\$32,040	Income	\$28,800	\$37,024	
	Band of Qualified Hslds	22,411	19,167	Range of Qualified Hslds	20,596	17,120	
	# Qualified Households		3,244	# Qualified Households		3,476	
	Unit Penetration Rate		0.6%	Unit Penetration Rate		0.1%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	8		Number of Units	2		
	Net Rent	\$608		Net Rent	\$693		
Market Rate (80%)	Gross Rent	\$739		Gross Rent	\$856		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$25,337	\$38,448	Income	\$29,349	\$44,429	
	Band of Qualified Hslds	22,163	16,583	Range of Qualified Hslds	20,347	14,182	
	# Qualified Households		5,580	# Qualified Households		6,166	
	Unit Penetration Rate		0.1%	Unit Penetration Rate		0.0%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	8		Number of Units	2		
	Net Rent	\$608		Net Rent	\$693		
	Gross Rent	\$739		Gross Rent	\$856		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$25,337	\$51,280	Income	\$29,349	\$59,240	
	Band of Qualified Hslds	22,163	11,943	Range of Qualified Hslds	20,347	9,617	
	# Qualified Households		10,220	# Qualified Households		10,731	
	Unit Penetration Rate		0.1%	Unit Penetration Rate		0.0%	

C. Demand Estimates and Capture Rates

DCA's demand methodology for general occupancy developments consists of three components. The first is income qualified renter households living in substandard households. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to 1990 US Census data, the percentage of households in Atlanta that are "substandard" is 4.38 percent.

The second component of demand is population growth. This number is the number of age and income qualified renter households anticipated to move into the market area within the next two years.

The final component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to 1990 Census data, 32.83 percent of the primary market area's renter households are categorized as cost burdened. This segment of demand is often overstated in urban areas because households are also included in other demand segments and they are all not likely to move. In order to avoid overestimating demand, only 35 percent of the demand from cost burdened households is considered achievable.

Although the proposed development does not offer project based rental subsidies, Section 8 vouchers will be accepted. Given the lack of new and/or attractive affordable housing in the area, many of the units at Heritage Green are expected to be leased by holders of Section 8 vouchers. The capture rate for the 87 tax credit units at Heritage Green is 5.1 percent without a minimum income limit and 7.5 percent with a minimum income limit. Using the same methodology, the capture rate for the 22 market rate units is 0.9 percent with a minimum income limit. These capture rates are considered achievable given the state of the existing rental housing market.

Table 17 - Overall Tax Credit Demand Estimates, Heritage Green

<i>For Tax Credit Units Demand From Renters Earning < \$44,430</i>		<i>For Tax Credit Units Demand From Renters Earning < \$44,430 and > \$11,966</i>	
	<i>The Primary Market Area</i>		<i>The Primary Market Area</i>
Substandard Households	430	Substandard Households	291
Household Growth	162	Household Growth	109
Cost Burdened	1,130	Cost Burdened	763
Total Demand	1,722	Target Segment Demand	1,163
Units in Subject Property	87	Units in Subject Property	87
Capture Rate	5.1%	Target Segment Capture Rate	7.5%

Table 18 - Detailed Tax Credit Demand Estimates, Heritage Green

Demand for Tax Credit Units from Substandard Households

2004 Households		% Substandard Households		2004 Substandard Households
31,834	times	4.38%	equals	1,394
2004 Substandard Households		% of Renters Per Census		Substandard Renter Households
1,394	times	62%	equals	868
Substandard Renter Households		% Earning < \$44,430 & < \$11,966		Substandard Renter Households Earning < \$44,430 & > \$11,966
868	times	33.48%	equals	291
Substandard Renter Households		% Earning < \$44,430		Substandard Renter Households Earning < \$44,430
868	times	49.57%	equals	430

Demand for Tax Credit Units from Household Growth

2004 Households 31,834	minus	2002 Households 31,309	equals	Population Change 525
Population Change 525	times	% of Renters Per Census 62.30%	equals	Renter Household Change 327
New Renter Households 327	times	% Earning < \$44,430 & < \$11,966 33.48%	equals	New Renter Households Earning < \$44,430 & > \$11,966 109
New Renter Households 327	times	% Earning < \$44,430 49.57%	equals	New Renter Households Earning < \$44,430 162

Demand for Tax Credit Units from Cost Burdened Renters

2004 Households 31,834	times	% of Renters Per Census 62.30%	equals	2004 Renter Households 19,833
2004 Renter Households 19,833	times	% Cost Burdened 32.83%	equals	Cost Burdened Renter Households 6,511
2004 Cost Burdened Renter Households 6,511	times	% Earning < \$44,430 & < \$11,966 33.48%	equals	Cost Burdened Renter Households Earning < \$44,430 & > \$11,966 2,180
2004 Cost Burdened Renter Households 6,511	times	% Earning < \$44,430 49.57%		Cost Burdened Renter Households Earning < \$44,430 3,228

Table 19 - Overall Market Rate Demand Estimates, Heritage Green

For Market Rate Units Demand

From Renters Earning <

\$59,240 and >

\$17,931.4285714286

The Primary

Market Area

Substandard Households	430
Household Growth	162
Cost Burdened	1,130
Total Demand	1,722
Units in Subject Property	15
Target Segment Capture Rate	0.9%

Table 20 - Detailed Market Rate Demand Estimates, Heritage Green

Demand for Market Rate Units from Substandard Households

2004 Households 31,834	times	% Substandard Households 4.38%	equals	2004 Substandard Households 1,394
2004 Substandard Households 1,394	times	% of Renters Per Census 62%	equals	Substandard Renter Households 868
Substandard Renter Households 868	times	% Earning < \$59,240 & < \$17,931 49.57%	equals	Substandard Renter Households Earning < \$59,240 & > \$17,931 430
Substandard Renter Households 868	times	% Earning < \$59,240 69.79%	equals	Substandard Renter Households Earning < \$59,240 606

Demand for Market Rate Units from Household Growth

2004 Households 31,834	minus	2002 Households 31,309	equals	Population Change 525
Population Change 525	times	% of Renters Per Census 62.30%	equals	Renter Household Change 327
New Renter Households 327	times	% Earning < \$59,240 & < \$17,931 49.57%	equals	New Renter Households Earning < \$59,240 & > \$17,931 162
New Renter Households 327	times	% Earning < \$59,240 69.79%	equals	New Renter Households Earning < \$59,240 228

Demand for Market Rate Units from Cost Burdened Renters

2004 Households		% of Renters Per Census		2004 Renter Households
31,834	times	62.30%	equals	19,833
2004 Renter Households		% Cost Burdened		Cost Burdened Renter Households
19,833	times	32.83%	equals	6,511
2004 Cost Burdened Renter Households		% Earning < \$59,240 & < \$17,931		Cost Burdened Renter Households Earning < \$59,240 & > \$17,931
6,511	times	49.57%	equals	3,228
2004 Cost Burdened Renter Households		% Earning < \$59,240		Cost Burdened Renter Households Earning < \$59,240
6,511	times	69.79%		4,544

D. Tax Credit Demand Estimates and Capture Rates by Floorplan

Table 21 - Tax Credit Demand Estimates and Capture Rates by Floorplan

	Efficiency	One Bedroom	Two Bedroom	Three Bedroom
Demand from Substandard HH	868	868	868	868
Demand from New Rental HH	327	327	327	327
Demand from Cost Burdened Rental HH (35%)	2,279	2,279	2,279	2,279
PMA Total Demand	3,474	3,474	3,474	3,474
PMA Income Qualified %	17.05%	25.98%	29.94%	26.17%
PMA Qualified Demand	592	903	1,040	909
Units	3	45	33	6
Capture Rate	0.5%	4.9%	3.2%	0.6%

The “PMA Total Demand” figure shown in the table above shows the demand from the three DCA stipulated components without income affordability applied. The percentages of the total households earning within the various floorplan specific income segments are then applied to this total demand number. The capture rates by floorplan indicate that the unit mix is appropriate. These capture rates are in line with the overall capture rate for the tax credit units at Heritage Green.

E. Absorption Estimate

As the proposed development is a renovation of an existing apartment community, only the units currently vacant plus those expected to become vacant as a result of the renovation process will need to be renovated. According to information presented by the developer on DCA’s Core Application, 102 of the 109 units are currently occupied. It is assumed that no more than 20 percent of the total units will become vacant during the renovation process. This 20 percent is inclusive of those units currently vacant. It is anticipated that Heritage Green will have to lease no more than 22 of its units post renovation. The community should be able to regain 95 percent occupancy within two to three months.

VIII. Supply Analysis

A. Area Housing Stock

The rental housing stock as reported in the 1990 Census included a relatively low percentage of single-family homes with 14 percent of the county's rental units located in single-family detached homes. In the primary market area, 16 percent of the rental units were single-family homes. In Fulton County, 9 percent of rental units were in either townhouse or duplex units. Approximately 11 percent of the PMA's rental stock falls into either of these categories.

A sizable percentage of the rental units, 56 percent, in the primary market area had between three and nineteen units. In Fulton County, 56 percent of units were in properties of this size.

Rental communities with twenty or more units accounted for 16 percent of the total rental housing stock in the primary market area and 19 percent in the county. Given the lack of new construction in the market area within the past ten years, it is unlikely that this composition has changed significantly.

In the primary market area, 1 percent of the rental units were mobile homes. Fulton County had less than one percent of its rental housing stock in mobile home units. This low percentage of mobile homes is expected given the densely populated urban nature of the market area and Fulton County.

Table 22 - 1990 Units in Rental Housing

<i>Units in Rental Housing</i>	<i>Fulton County</i>		<i>The Primary Market Area</i>	
Renter 1 unit detached	18,459	14%	2,645	16%
Renter 1 unit attached	4,193	3%	394	2%
Renter 2 units	7,168	6%	1,496	9%
Renter 3 or 4 units	14,748	11%	2,160	13%
Renter 5 to 9 units	29,633	23%	3,802	23%
Renter 10 to 19 units	28,775	22%	3,274	20%
Renter 20 to 49 units	10,997	8%	1,328	8%
Renter 50+ units	13,995	11%	1,368	8%
Renter mobile home	309	0%	96	1%
Renter other	1,545	1%	206	1%

Rental Market

As part of this analysis, Real Property Research Group surveyed 15 rental communities identified within the primary market area. A profile sheet of each community is attached as Appendix 4 - Community Photos and Profiles. The location of each community is shown on Map 4 on the following page.

The 15 rental communities surveyed account for 2,224 dwelling units (Table 23). Twelve properties offer garden style units, one offers all townhouse units, one offers both garden units and townhomes, and one offers single story units. The garden style buildings are two to four stories. The majority of the surveyed properties were general occupancy market rate developments. Two of the communities were had received LIHTC allocations and one is a HUD HOPE VI development.

The multifamily rental stock in the primary market area is old. The average age of the 14 properties for which data was available is thirty-one years. The majority of the communities have been fairly well maintained and few show signs of deferred maintenance.

Of the 2,224 units in stabilized communities that reported vacancy rates, 107 units were reported available, a rate of 4.81 percent. Only three of the communities have a vacancy rate greater than five percent. Two communities have vacancy rates excessively higher than the remaining communities, one with 14 percent and the other with 20.6 percent vacant. These two communities account for 62 percent of the vacancies, but only 16 percent of the units. One of these two communities is slated for renovation through the tax credit program. The primary market areas' rental housing market is stronger than the overall vacancy rate implies as these two poorly maintained communities are negatively impacting the entire stock. Ten of the 15 communities surveyed have 2.5 percent or less of their units vacant.

Table 23 - Rental Summary

Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	(1)	(1)	Incentive
						Average 1BR Rent	Average 2BR Rent	
The Villages at Carver	2002	Garden	220	0	0.0%	\$684	\$868	None
Franklin Village	1962	Garden	72	3	4.2%	\$620	\$770	None
Summerville Commons	1975	Garden/TH	244	0	0.0%	\$553	\$669	None
Colonial Square	1974	Townhouse	192	4	2.1%		\$653	None
Highbury Court	1972	Garden	128	10	7.8%	\$521	\$646	None
The Woods at Glenrose	1969	Garden	142	0	0.0%	\$550	\$638	None
Manor III Apartments	1962	Garden	50	1	2.0%	\$495	\$625	None
Brighton Court	1968	Garden	100	14	14.0%	\$520	\$608	\$200 off 1st months rent.
La Mancha	1960	Garden	80	2	2.5%	\$495	\$595	\$100 off 1st month's rent
Caribu	1980	Garden	166	0	0.0%	\$494	\$591	None
Crescent Hills	1969	Garden	252	0	0.0%	\$475	\$575	None
Airport North	1966	Garden	252	52	20.6%	\$475	\$525	None
DeLowe Village	1971	Garden	152	0	0.0%	\$425	\$495	None
Cleveland East		Single-story	30	0	0.0%	\$475		None
South Towne	1970	Garden	144	21	14.6%	\$400	\$425	None
Total/Average	1971		2,224	107	4.81%	\$513	\$620	

(1) Rent is gross rent, and not adjusted for utilities or incentives

Source: Field Survey, Real Property Research Group, Inc. May, 2002.

Seven of the properties surveyed include the cost of only trash removal in the price of rent (Table 25). Another 7 communities include water, sewer, and trash removal. Only one rental communities offers more than these basic utilities, as all utilities are included. Heritage Green will include the cost of and trash removal. Heritage Green will include the same utilities as 7 of the 25 communities surveyed.

Dishwashers and garbage disposals are present at 10 and 6 of the properties respectively. Six properties offer both of these kitchen amenities and only five offer neither. None of the communities include a microwave oven in each kitchen. Heritage Green will include both a dishwasher and a garbage disposal in each unit. Among the 15 surveyed properties, none offer more kitchen amenities, 6 offer the same amount, and 9 offer fewer kitchen amenities than proposed at Heritage Green.

The majority of the properties offer a patio or balcony on most or all units. Twelve of 15 communities offer common laundry areas, two offer washer dryer connections in each unit in addition to the community facilities, one offers a washer and dryer in each unit and two offer no laundry amenities. Parking is free in surface

lots for all communities. Heritage Green will be competitive with its unit amenities as each unit will include a patio or balcony and washer/dryer connections.

Overall, the number of common area amenities included depends on the size of the community and the rent levels (Table 24). The amount of amenities ranges from no amenities to extensive amenities. The included amenities are community rooms (two properties), a swimming pool (one property), and a playground (ten properties). The majority of the communities offer very few, if any, recreational amenities. Five of the communities surveyed do not offer any common area recreational amenities and another eight offer only one amenity. Heritage Green will offer two playgrounds, a covered pavilion with picnic and barbeque facilities, an exercise room/fitness center, and a community building. The proposed amenities at Heritage Green will be matched by only one of the existing communities.

Among the 15 properties surveyed, 13 offer one bedroom units, 15 offer two bedroom units, and 8 offer three bedroom units. None of the communities offer efficiency units. Among the 11 properties able to provide a unit mix breakdown, 18 percent of the units were one bedroom units, 74 percent were two bedroom units and 8 percent were three bedroom units. Heritage Green will consist of efficiency, one, two and three bedroom units. The proposed unit mix at Heritage Green is comparable with the existing rental stock and appears to be appropriate.

Street rents were adjusted to reflect inclusions of utilities and incentives. One-bedroom units range from 475 to 900 square feet and have net rents between \$400 and \$679 per month. The average one-bedroom net rent is \$506 per month for 726 square feet or \$0.70 per square foot. Two-bedroom units range from 650 to 1,093 square feet and have net rents between \$425 and \$858 per month. The average two-bedroom net rent is \$599 per month for 889 square feet or \$0.67 per square foot. Three-bedroom units range from 950 to 1,161 square feet and have net rents between \$578 and \$975 per month. The average three-bedroom net rent is \$739 per month for 1,143 square feet or \$0.65 per square foot. The proposed tax credit rents and rents per square foot at Heritage Green are significantly lower than the average among existing properties at both 30 and 50 percent of the area median income. The 60 percent tax credit and market rate units have rents very competitive with these average rents. These low, competitive rents at Heritage Green will be accompanied by

newly renovated units, a convenient location, and competitive amenities. The proposed rents at Heritage Green are appropriate and reasonable.

Table 24 - Recreational Amenities of Communities

APARTMENT	Clubhouse	Pool	Tennis	Playground	Fitness Center	Jacuzzi
Airport North	No	No	No	No	No	No
Brighton Court	No	No	No	Yes	No	No
Caribu	No	No	No	No	No	No
Cleveland East	No	No	No	Yes	No	No
Colonial Square	No	No	No	Yes	No	No
Crescent Hills	No	No	No	Yes	No	No
Delowe Village	No	No	No	Yes	No	No
Franklin Village	No	No	No	No	No	No
Highbury Court	No	No	No	Yes	No	No
La Mancha	No	No	No	No	No	No
Manor III	No	No	No	No	No	No
South Towne	No	No	No	Yes	No	No
Summerdale Commons	No	No	No	Yes	No	No
The Villages at Carver	Yes	Yes	No	Yes	Yes	No
Woods at Glenrose	Yes	No	No	Yes	No	No

Table 25 - Features of Rental Communities in Primary Market Area

Project	Heat Who Pays? (Landlord or Tenant)					Kitchen		Disposal	Laundry	Parking	Security
	Fuel	Heat	Hot Water	Elec	Water	D/W	Micro				
Airport North	Gas	T	T	T	L				Facility	Surface	
Brighton Court	Gad	T	T	T	T	yes			Facility	Surface	
Caribu	Gas	T	T	T	T				None	Surface	
Cleveland East	Elec	T	T	T	L				Facility	Surface	
Colonial Square	Elec	T	T	T	T	yes			Facility	Surface	Gated
Crescent Hills	Gas	T	T	T	T	yes		yes	Facility	Surface	
Delowe Village	Elec	T	T	T	L	yes		yes	Facility/Hook ups	Surface	Gated
Franklin Village	Gas	L	L	L	L	yes			Facility	Surface	Guard
Highbury Court	Elec	T	T	T	T	yes			Facility	Surface	
La Mancha	Gas	T	T	T	L	yes		some	Facility	Surface	
Manor III	Elec	T	T	T	L				None	Surface	
South Town	Gas	T	T	T	T				Facility	Surface	
Summerdale Commons	Elec	T	T	T	T	yes		yes	Facility/Hook-ups	Surface	Gated
Villages at Carver	Elec	T	T	T	L	yes		yes	In Unit	Surface	Gated
The Woods at Glenrose	Elec	T	T	T	L	yes		yes	Facility	Surface	Gated

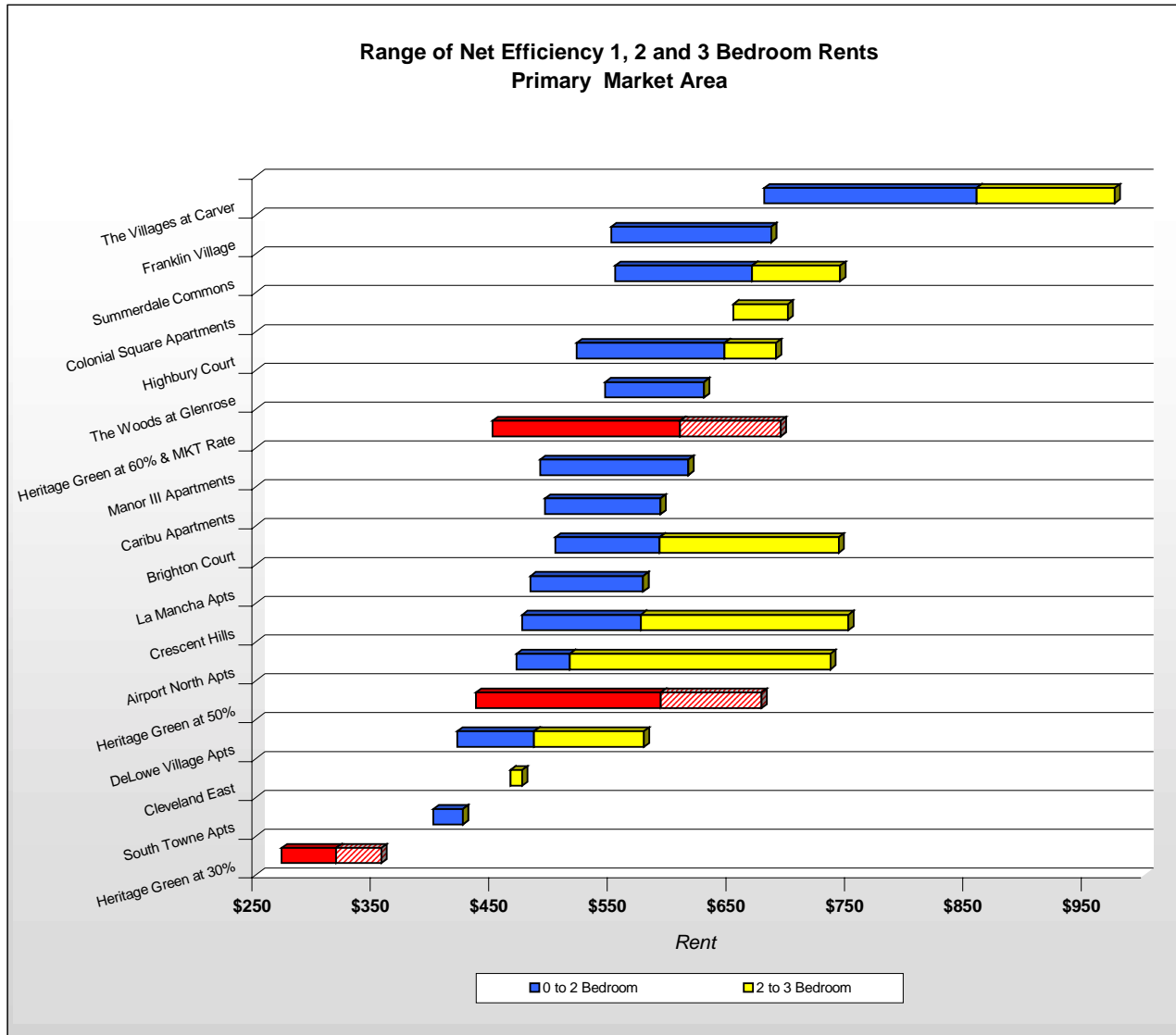
Table 26 - Salient Characteristics, Surveyed Rental Communities

Community	Type	(1)					(1)				(1)			
		Total Units	One Bedroom Units				Two Bedroom Units				Three+ Bedroom Units			
			Units	Rent	SF	Rent/SF	Units	Rent	SF	Rent/SF	Units	Rent	SF	Rent/SF
The Villages at Carver	Garden	220	40	\$679	754	\$0.90	100	\$858	1,018	\$0.84	76	\$975	1,142	\$0.85
Franklin Village	Garden	72	52	\$550	635	\$0.87	20	\$685	735	\$0.93				
Summerdale Commons	Garden/TH	244		\$553	500	\$1.11		\$669	913	\$0.73		\$743	1,065	\$0.70
Colonial Square Apartments	Townhouse	192					172	\$653	750	\$0.87	20	\$699	950	\$0.74
Highbury Court	Garden	128	16	\$521	840	\$0.62	86	\$646	1,093	\$0.59	24	\$689	1,224	\$0.56
The Woods at Glenrose	Garden	142	31	\$545	900	\$0.61	112	\$628	1,073	\$0.59				
Manor III Apartments	Garden	50		\$490	475	\$1.03		\$615	650	\$0.95				
Brighton Court	Garden	100	20	\$503	750	\$0.67	76	\$591	937	\$0.63	4	\$742	1,300	\$0.57
La Mancha Apts	Garden	80	20	\$482	715	\$0.67	60	\$577	820	\$0.70				
Caribu Apartments	Garden	166	54	\$494	780	\$0.63	112	\$591	862	\$0.69				
Crescent Hills	Garden	252	32	\$475	850	\$0.56	215	\$575	950	\$0.61	5	\$750	1,150	\$0.65
Airport North Apts	Garden	252		\$470	850	\$0.55		\$515	950	\$0.54		\$735	1,150	\$0.64
DeLowe Village Apts	Garden	152		\$420	742	\$0.57		\$485	942	\$0.51		\$578	1,161	\$0.50
Cleveland East	Single-story	30					30	\$465						
South Towne Apts	Garden	144	5	\$400	650	\$0.62	139	\$425	750	\$0.57				
Average / Total		2,224		\$506	726	\$0.70		\$599	889	\$0.67		\$739	1,143	\$0.65
Unit Distribution		1,521	270				1,122				129			
% of Total		68%	18%				74%				8%			

(1) Rent is adjusted, net of utilities and incentives

Source: Field Survey, Real Property Research Group, Inc. May, 2002.

Figure 4 - Product Position



As the figure on the preceding page illustrates, there is no break in the range of net rents in the primary market area. Price points are consistently covered by the existing rental stock. The 60 percent tax credit and market rate rents at Heritage Green are priced in the upper-middle of the range of rents within the market area. The 50 percent rents are toward the lower end and the 30 percent units represent the bottom of the market. The proposed rents at Heritage Green will be competitive with the rents that have been proposed.

B. Proposed Developments

An area undergoing significant renovation, the PMA has a large number of residential projects currently in the pipeline. The following three rental projects have been identified as new or rehabilitated communities that will be coming on line in the near future.

- **Manor III Apartments** is currently undergoing a privately financed renovation program. Fifty of the units have been completed. The remaining 76 units will be completed by September 2002 and are expected to totally absorbed before the subject site is completed. The average one-bedroom rent is \$495 for a 475 square foot unit and the average two-bedroom rent is \$625 for 650 square foot unit. Besides a security gate, the project will have few other amenities. The owner is waiting for a water permit to construct an on-site laundry facility.
- **The Villages at Carver** redevelopment property will totally transform the site of the former 990 apartment Carver public housing community into a mixed use, mixed income community of 718 multi-family rental apartments and 252 single family homes. The master plan will include recreational jogging trails, a green belt, a community center and retail/ commercial center. Since development began, a non-profit group has begun the 108 unit single family community of High Point Estates (homes ranging in price from \$130,000 to \$170,000) and a senior apartment complex directly across the street from the Villages. The first Phase of the rental project has been completed with 220 units open. Lease-up took less than 6 months (36 units per month) since its opening in July 2001 and currently there are no vacant units. Phase II consisting of 56 rental townhomes is scheduled to open in June 2002. Phase III consisting of 216 multifamily units is scheduled to open July 2003 and the last phase of 216 multifamily garden units is scheduled to open in either 2004 or 2005.

C. LIHTC Communities

- **The Village at Carver** Phase I, located just outside the market area to the northeast east of the I-75/85 corridor and adjacent to Lakewood Park, consists of 220 one, two, three and four bedroom units. Minimum income limits are set for each unit type. A further description of the entire project is located in the pipeline section. Unit amenities include dishwashers, disposals, and washer/ dryers in every unit – the only community to offer in-unit laundry facilities in the entire market area. Rent for one-bedroom units averages \$664 for 735 square feet; rent for two bedroom units averages \$868 for 1,001 square feet; and rent for three bedroom units averages \$990 for 1,142 square feet. Carver also is the only project to offer four- bedroom units for \$1,300 sized at 1,436 square feet. This community current has no vacancies among the available units.
- **Summerdale Commons**, located approximately 1 mile east of the site, is a tax credit community that was originally built in 1968 and renovated in 1998. Summerdale consists of 244 apartments split in two sections facing each other across Old Hapeville Road. Of these units, 108 are two bedroom townhome apartments. Amenities include a security gate, playground, and grilling areas. Unit features include ceiling fans, upgraded kitchens, large walk-in closets, and washer/dry hook-ups. One bedroom units rent for \$553 for 500 square feet; two bedroom units rent for \$669 for 913 square feet and three bedroom units rent for \$743 for 1,065 square feet. Units are offered at 50 percent and 60 percent of area median income and market rate. There are currently no vacancies in the project.
- **Colonial Square Apartments**, located approximately one mile east of the site east of I-75, is a tax credit community that was originally built in 1974 and also renovated in 1998. Colonial consists of 192 townhouse apartments. Project amenities include a security gate, playground and outdoor pool. Unit features include ceiling fans, large walk-in closet, upgrade kitchens, and washer/dryer connections. Two bedroom units rent for \$653 for 750 square feet and three bedroom units rent for \$699 for 950 square feet. Units are offered at 50 percent and 60 percent of area median income and market rate. There are currently four vacancies at Colonial Square.

- **DeLowe Village** is located 2 miles west of the site in East Point and offer 1, 2 and 3 bedroom units. Originally built in 1971, the apartments were renovated in 1999. Project amenities include a playground and after school day care center. Unit features include upgraded kitchens with dishwasher and disposal and washer/dryer connections. One bedroom units rent for \$425 for 742 square feet; two bedroom units rent for \$495 for 942 square feet and three bedroom units rent for \$750 for 1,150 square feet. Units are offered at 60 percent of area median income. There is currently no vacancies in the project.

IX. Interviews

Information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included property managers, individuals with the chamber of commerce, Atlanta Housing Authority, and local planning officials. All pertinent information obtained was included in the appropriate section of this report.

X. Conclusions and Recommendations

Proposed Site Location

- The existing rental community is located on the west side of Springdale Road just south of Cleveland Avenue SW. The site is bordered to the north by Freidell Circle, to the east by Springdale Road, to the south by and existing rental community and to the west by undeveloped land and single family homes.
- The site itself benefits from a natural buffer from surrounding land uses as it is relatively heavily wooded. The mature pine and hardwood trees not only create a more visually appealing site design, they lessen the impact of noise related to nearby traffic and additional rental housing communities.
- The proposed site will be compatible with surrounding land uses. The majority of the development along Springdale Road is either multi-family or moderate income single family developments.
- There are no apparent physical disadvantages to the site.

Proposed Amenities

- Heritage Green will include a fully equipped kitchen with a stove, refrigerator, a dishwasher, a garbage disposal, and a pantry. Common area amenities include a community building, two playgrounds, multiple picnic areas, and an exercise room.
- The proposed unit and common area amenities are very competitive with the existing rental stock. The majority of existing communities offer few if any common area amenities. The only community that offers similar amenities is Carver Homes, which is priced at the top of the market.

Demographic Analysis

- According to 2000 Census data, the proposed development is compatible with the demographic composition of the primary market area.
- The marriage rate, persons per household and existence of children in a large percentage of the households in the primary market area indicate the need for larger rental units.

Affordability Analysis

- Based on household income distributions produced by Claritas, 46.22 percent of the households in the primary market area earn less than the maximum income limit for the three bedroom units at 60 percent of the AMI.
- When a minimum income limit is introduced, 33.48 percent earn below the maximum income limit and above the minimum income limit. This minimum income limit will apply to those householders without Section 8 voucher rental assistance.
- Based on the 2004 household estimate of 31,834 for the primary market area, there are 14,182 households with incomes below the maximum income limit and 9,883 of these households also earn more than the minimum income limit.

Proposed Unit Mix and Rent Schedule

- The proposed unit mix will include efficiency, one bedroom, two bedroom, and three bedroom units reserved for tenants earning no more than 30 percent, 50 percent and 60 percent of the Area Median Income. There will also be a market rate component.
- One, two and three bedroom units are common in the primary market area's existing stock. There no efficiency units among the communities surveyed. The proposed floorplans will appeal to a large range of household sizes from single renters to large families.
- The proposed tax credit rents are position toward the bottom of the range of net rents for the 30 and 50 percent units. The 60 percent tax credit units

and the market rate units are priced in the upper middle of the range. These proposed rents are reasonable and justified given the attractive location and product to be constructed.

Demand and Capture Rates

- Using the methodology stipulated by DCA, we find that there will be 3,474 renter households as a result renter households living in substandard conditions, rent over burdened households, and renter household growth between 2002 and 2004.
- By applying the income qualification percentages discussed earlier to this demand number, we calculate that there is demand for 1,163 additional tax credit units addressing the income target market in the primary market area.
- This demand estimate results in a tax credit capture rate of 7.5 percent with a minimum income limit and 5.1 percent without a minimum income limit. Based on the product to be constructed and the proposed location, these capture rates are considered achievable.
- The capture rate for the 15 market rate units is 0.9 percent.

Final Conclusion

- As the proposed development is a renovation of an existing apartment community, only the units currently vacant plus those expected to become vacant as a result of the renovation process will need to be renovated. According to information presented by the developer on DCA's Core Application, 102 of the 109 units are currently occupied. It is assumed that no more than 20 percent of the total units will become vacant during the renovation process. This 20 percent is inclusive of those units currently vacant. It is anticipated that Heritage Green will have to lease no more that 22 of its units post renovation. The community should be able to regain 95 percent occupancy within two to three months.
- Based the data presented in this report, we find that Heritage Green passes the market study test as proposed.

Appendix 1 - Underlying Assumptions and Limiting Conditions

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.
3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject project will be served by adequate transportation, utilities and governmental facilities.
5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.
7. The subject project will be developed, marketed and operated in a highly professional manner.
8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.
9. There are no existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

Appendix 2 - Analyst Certification

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.



Tad Scepaniak
Regional Director
Real Property Research Group, Inc.

June 21, 2002

Date

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.

Appendix 3 - Resumes

TAD SCEPANIAK

Mr. Scepaniak directs our Atlanta office. He has approximately eight years of experience in the field of residential rental market research. Before joining the firm, Tad was president of MarketQuest, where he was involved extensively in the Low Income Tax Credit program throughout the entire United States. Mr. Scepaniak has completed work in approximately 25 states and Puerto Rico over the past eight years. He also has experience conducting studies under the HUD 221d program, market rate rental properties, and student housing developments. Along with work for developer clients, Tad has led our research efforts for both the North Carolina and Georgia Housing Finance agencies. Mr. Scepaniak is also responsible for development and implementation of many of the firm's automated analytic systems.

Areas of Concentration:

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program, however His experience includes assisted living facilities and market rate senior rental communities.

Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

Student Housing: Tad has conducted market analysis of student housing solutions for small to mid-size universities. The analysis includes current rental market conditions, available on-campus housing options, student attitudes, and financial viability of proposed developments. Recent campus studies include Southern Polytechnic University, North Georgia State College and University, and Abraham Baldwin Agricultural College.

Education:

Bachelor of Science – Marketing Research; Berry College – Rome, Georgia.

ROBERT M. LEFENFELD

Mr. Lefenfeld has over 20 years of experience in the field of residential market research. As an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason, he has closely monitored residential markets throughout the Mid-Atlantic United States. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for-sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles.

Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, where he analyzed markets throughout the Eastern United States and evaluated the company's active building operation on an ongoing basis.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders and the National Council on Seniors Housing. Recent articles have appeared in ULI's Multifamily Housing Trends magazine and Mid-Atlantic Builder. He is also a founding member of the recently formed Council of Affordable Housing Market Analysts, which is part of the National Housing and Rehabilitation Association.

Areas of Concentration:

Strategic Assessments: Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

Feasibility Analysis: Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects of these analyses have included for-sale single family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations, and continuing care facilities for the elderly. In addition, he has conducted feasibility work in conjunction with Hope VI applications for redevelopment of public housing sites and analyses of rental developments for 221(d)4 insurance and tax credit applications.

Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for-sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), allowing the comprehensive integration of data.

Education:

Masters of Urban and Regional Planning; The George Washington University.
Bachelor of Arts, Political Science; Northeastern University.

Appendix 4 - Community Photos and Profiles